# MCINTOSH COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED

## SEPTEMBER 30, 2014

# MCINTOSH COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedules of Funding Progress (on page 49) 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 June 25, 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
June 25, 2015

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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, 2014. 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 2014 is the eleventh 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 2014 are as follows:

Government-Wide Financial Statements:

- At September 30, 2014 McIntosh County's assets exceeded its liabilities by $25,393,715 (net position).
- The County's $20,480,855 net investment in capital assets leaves the County with $4,912,860 in net position of which $2,629,940 is restricted.
- McIntosh County's total net position decreased from $26,077,536 in the prior year to $25,393,715 in the current year, for a total decrease of $683,821, or 2.6%.
- McIntosh County's revenues for fiscal year 2014 totaled $16,268,964. Of this amount, 33% are property tax revenues, 14% are sales tax revenues, 8% are other tax revenues, 40% are charges for services and the remaining 5% are other revenues. This is a 5% decrease over fiscal year 2013 revenues.

- McIntosh County's total program expenses for fiscal year 2014 totaled $16,952,785. Of this amount, 45% are public safety expenses, 15% are general governmental expenses, 8% are judicial expenses, 14% are public works expenses, 5% are solid waste, and the remaining 9% are other expenses. This is a 1% decrease over fiscal year 2013 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of $7,225,792 for fiscal year ended September 30, 2014. This amount is over the total governmental funds liabilities and deferred inflow of resources by $5,846,159 (fund balance).

- Total governmental fund's fund balances for fiscal year ended September 30, 2014 decreased by $343,606 from the previous year. This decrease was a result of a $40,917 increase in the General Fund, a $322,419 decrease in the Sales Tax 2010 Fund, and a $62,104 decrease in Other Governmental Funds.

- Total governmental fund balance of $5,846,159 consists of $951,967 nonspendable, $2,480,853 restricted, $49,365 committed, and $2,363,974 unassigned.

- Due to total revenues for the General Fund exceeding budgeted amounts by $786,823, or approximately 7.1%, and total expenditures for the General Fund being over budget by $406,488, or approximately 3.5%, McIntosh County experienced an increase in the fund balance of approximately 0.3% 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's 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 12, 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 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 16 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 18 is the reconciliation between the statement of revenues, expenditures and changes in fund balances of governmental funds and the statement 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 County. 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 following table presents a summary of the statement of net position for the County as of September 30, 2014 and 2013.

**Table 1**
**Summary of Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current & other assets | $ 7,054,728 | $ 7,466,962 | $ 410,700 | $ 666,966 | $ 7,465,428 | $ 8,133,928 |
| Capital assets | 15,840,626 | 15,849,497 | 11,499,783 | 11,699,617 | 27,340,409 | 27,549,114 |
| Total assets | 22,895,354 | 23,316,459 | 11,910,483 | 12,366,583 | 34,805,837 | 35,683,042 |
| Long-term liabilities | 168,662 | 202,699 | 8,106,059 | 8,097,543 | 8,274,721 | 8,300,242 |
| Other liabilities | 971,086 | 916,576 | 166,315 | 388,688 | 1,137,401 | 1,305,264 |
| Total liabilities | 1,139,748 | 1,119,275 | 8,272,374 | 8,486,231 | 9,412,122 | 9,605,506 |
| Net position: | | | | | | |
| Net investment in capital assets | 15,672,694 | 15,641,701 | 4,808,161 | 4,939,617 | 20,480,855 | 20,581,318 |
| Restricted | 2,480,853 | 2,758,920 | 149,087 | 74,494 | 2,629,940 | 2,833,414 |
| Unrestricted (deficit) | 3,602,059 | 3,796,563 | (1,319,139) | (1,133,759) | 2,282,920 | 2,662,804 |
| Total Net position | $ 21,755,606 | $ 22,197,184 | $ 3,638,109 | $ 3,880,352 | $ 25,393,715 | $ 26,077,536 |

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 $25,393,715 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (81 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 used to liquidate these liabilities.

An additional portion of the County's net position (10 percent) represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position ($2,282,920) 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, 2014 and 2013.

**Table 2**
**Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 4,644,958 | $ 4,066,659 | $ 1,885,270 | $ 1,698,528 | $ 6,530,228 | $ 5,765,187 |
| Operating grants | 565,730 | 764,421 | - | - | 565,730 | 764,421 |
| Capital grants | 283,949 | 1,631,339 | - | 253,500 | 283,949 | 1,884,839 |
| General revenues: | | | | | | |
| Property taxes | 5,350,654 | 5,154,537 | - | - | 5,350,654 | 5,154,537 |
| Sales taxes | 2,222,495 | 2,239,700 | - | - | 2,222,495 | 2,239,700 |
| Business taxes | 623,677 | 601,328 | - | - | 623,677 | 601,328 |
| Other taxes | 687,189 | 752,488 | - | - | 687,189 | 752,488 |
| Unrestricted investment earnings | 3,936 | 7,274 | 1,106 | 2,766 | 5,042 | 10,040 |
| Gain of sale of assets | - | 7,490 | - | - | - | 7,490 |
| Total revenues | 14,382,588 | 15,225,236 | 1,886,376 | 1,954,794 | 16,268,964 | 17,180,030 |
| Program expenses: | | | | | | |
| General government | 2,546,744 | 2,064,817 | - | - | 2,546,744 | 2,064,817 |
| Judicial | 1,281,102 | 1,383,623 | - | - | 1,281,102 | 1,383,623 |
| Public safety | 7,600,320 | 7,377,751 | - | - | 7,600,320 | 7,377,751 |
| Public works | 2,379,227 | 2,278,866 | - | - | 2,379,227 | 2,278,866 |
| Health & welfare | 79,987 | 251,199 | - | - | 79,987 | 251,199 |
| Culture & recreation | 471,115 | 572,723 | - | - | 471,115 | 572,723 |
| Housing & development | 454,049 | 863,612 | - | - | 454,049 | 863,612 |
| Interest | 5,116 | 22,077 | | | 5,116 | 22,077 |
| Water | - | - | 679,006 | 652,089 | 679,006 | 652,089 |
| Solid waste | - | - | 1,456,119 | 1,381,152 | 1,456,119 | 1,381,152 |
| Total expenses | 14,817,660 | 14,814,668 | 2,135,125 | 2,033,241 | 16,952,785 | 16,847,909 |
| Excess (deficiency) | (435,072) | 410,568 | (248,749) | (78,447) | (683,821) | 332,121 |
| Transfers | (6,506) | (1,592,918) | 6,506 | 1,592,918 | - | - |
| Net changes in net position | (441,578) | (1,182,350) | (242,243) | 1,514,471 | (683,821) | 332,121 |
| Net position - beg. of year | 22,197,184 | 23,379,534 | 3,880,352 | 2,365,881 | 26,077,536 | 25,745,415 |
| Net position - end of year | $ 21,755,606 | $ 22,197,184 | $ 3,638,109 | $ 3,880,352 | $ 25,393,715 | $ 26,077,536 |

Total revenues for governmental activities fell short of total expenses by $435,072. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to charges for services, $4,644,958 or 32%, and property taxes of $5,350,654, or 37%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety at $7,600,320 or 51%, with the second largest expense attributable to general government, reporting expenses of $2,546,744 or 17%.

**Governmental Activities**

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

**Table 3**
**Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| General government | $ 2,546,744 | $ 2,064,817 | $ 1,740,526 | $ 1,387,477 |
| Judicial | 1,281,102 | 1,383,623 | 1,281,072 | 1,383,580 |
| Public safety | 7,600,320 | 7,377,751 | 3,506,101 | 3,721,536 |
| Public works | 2,379,227 | 2,278,866 | 2,092,460 | 1,071,463 |
| Health & welfare | 79,987 | 251,199 | 62,490 | (171,298) |
| Culture & recreation | 471,115 | 572,723 | 458,607 | 541,437 |
| Housing & development | 454,049 | 863,612 | 176,651 | 395,977 |
| Interest on long-term debt | 5,116 | 22,077 | 5,116 | 22,077 |
| Totals | $ 14,817,660 | $ 14,814,668 | $ 9,323,023 | $ 8,352,249 |

As noted in the above table, governmental programs fell $9,323,023 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, 2014.

**The County's Major Governmental Funds**

At the end of fiscal year 2014, the County reported its governmental funds (as presented in the balance sheet on page 16) having a combined fund balance of $5,846,159. This balance decreased by $343,606 from prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 17 reports a surplus of $40,917 in the General Fund, a loss totaling $322,419 was reported for the Sales Tax 2010 Fund, and a loss of $62,104 for Other Governmental Funds.

McIntosh County's total governmental fund balance of $5,846,159 is divided into four categories: nonspendable ($951,967), restricted ($2,480,853), and committed ($49,365), which leaves unassigned ($2,363,974) that is available for use to meet current ongoing obligations of the County.

Revenues for the General Fund totaled $11,829,311, or approximately 82% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 17. Of this amount, $5,412,461 (or 46%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, $2,889,111, or 19%.

Expenditures for the General Fund totaled $11,986,267 (not including Other Financing Sources). Expenditures exceeded revenues by approximately $156,956.

Expenditures for the Sales Tax 2010 Fund totaled $1,593,101 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 $786,823, or approximately 7%. This final result is a combination of both positive and negative variance as reported on the General Fund Budgetary Comparison Schedule presented on page 19. The largest positive variance, $384,753 is reported in the line item of other revenues.

General Fund expenditures (not including other financing sources) for the year ended September 30, 2014 were over budget by $406,488, or approximately 3.5%. The largest area of variance of $540,819 is reported in the general government building and plant line item. The main contributing factors to this variance can be found in the line item of the public buildings where a new facility was purchased.

**Capital Asset and Debt Administration**

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to $27,340,409 (net of accumulated depreciation). This is a decrease of $208,705 from last year. The decrease is mostly due to the sale of fixed assets within the Solid Waste Fund noted in the landfill 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 | 99,322 | 7,608,273 | 7,707,595 |
| Buildings | 7,955,115 | 125,464 | 8,080,579 |
| Machinery and equipment | 2,931,460 | 555,726 | 3,487,186 |
| Infrastructure | 4,389,647 | - | 4,389,647 |
| Water system | - | 2,932,917 | 2,932,917 |
| Landfill | - | 180,100 | 180,100 |
| Totals | $ 15,840,626 | $ 11,499,783 | $ 27,340,409 |

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 97% 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 on pages 38 and 39.

At year end, the County had a total $8,482,081 in outstanding long-term liabilities which includes $1,412,965 in closure and post closure care costs for the McIntosh County Landfill Fund, $6,691,622 in revenue bonds payable and the resulting balance being capital leases and compensated absences. More information regarding the County's Long-Term Debt can be found in Note 7 on pages 40-42.

**Other Economic Factors**

The Board of Commissioners and County Manager have considered several factors when establishing FY15 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, 2014

| | Primary Government | | |
|---|---|---|---|
| **ASSETS** | **Governmental Activities** | **Business-type Activities** | **Total** |
| Cash and cash equivalents | $ 5,060,042 | $ 916,044 | $ 5,976,086 |
| Taxes receivable | 505,892 | - | 505,892 |
| Accounts receivable | 113,538 | 188,492 | 302,030 |
| Internal balances | 693,836 | (693,836) | - |
| Due from other governments | 368,260 | - | 368,260 |
| Prepaid expenses | 277,283 | - | 277,283 |
| Other assets | 35,877 | - | 35,877 |
| Capital assets, non-depreciable | 564,404 | 7,705,576 | 8,269,980 |
| Capital assets, depreciable, net of accumulated depreciation | 15,276,222 | 3,794,207 | 19,070,429 |
| Total assets | 22,895,354 | 11,910,483 | 34,805,837 |
| **LIABILITIES** | | | |
| Accounts and retainage payable | 553,270 | 130,798 | 684,068 |
| Accrued liabilities | 172,508 | 15,812 | 188,320 |
| Due to other governments | 43,833 | - | 43,833 |
| Unearned revenues | - | - | - |
| Customer deposits | - | 13,820 | 13,820 |
| Capital leases due within one year | 39,710 | - | 39,710 |
| Capital leases due in more than one year | 128,222 | - | 128,222 |
| Bond payable due within one year | - | 84,750 | 84,750 |
| Bond payable due in more than one year | - | 6,606,872 | 6,606,872 |
| Compensated absences due within one year | 161,765 | 5,885 | 167,650 |
| Compensated absences due in more than one year | 40,440 | 1,472 | 41,912 |
| Closure and postclosure care cost | - | 1,412,965 | 1,412,965 |
| Total liabilities | 1,139,748 | 8,272,374 | 9,412,122 |
| **NET POSITION** | | | |
| Net investment in capital assets | 15,672,694 | 4,808,161 | 20,480,855 |
| Restricted for: | | | |
| Judicial | 528,131 | - | 528,131 |
| Public safety | 970,758 | - | 970,758 |
| Economic development | 62,583 | - | 62,583 |
| Capital outlay | 919,381 | - | 919,381 |
| Special use | - | - | - |
| Debt service | - | 149,087 | 149,087 |
| Unrestricted (deficit) | 3,602,059 | (1,319,139) | 2,282,920 |
| Total net position | $ 21,755,606 | $ 3,638,109 | $ 25,393,715 |

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

| Component Unit |
| --- |
| Board of Health |
| $ 103,717 |
| - |
| 4,260 |
| - |
| 28,993 |
| - |
| - |
| - |
| 886 |
| 137,856 |
| 551 |
| - |
| 13,680 |
| - |
| - |
| - |
| - |
| - |
| - |
| 5,031 |
| 20,125 |
| - |
| 39,387 |
| 886 |
| - |
| - |
| - |
| - |
| 103,089 |
| - |
| (5,506) |
| $ 98,469 |

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| 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 | $ 2,546,744 | $ 806,184 | $ - | $ 34 |
| Judicial | 1,281,102 | - | - | 30 |
| Public safety | 7,600,320 | 3,826,284 | 267,475 | 460 |
| Public works | 2,379,227 | - | 3,360 | 283,407 |
| Health and welfare | 79,987 | - | 17,497 | - |
| Culture and recreation | 471,115 | 12,490 | - | 18 |
| Housing and development | 454,049 | - | 277,398 | - |
| Interest on long-term debt | 5,116 | - | - | - |
| Total governmental activities | 14,817,660 | 4,644,958 | 565,730 | 283,949 |
| Business-type activities: | | | | |
| Water | 679,006 | 680,351 | - | - |
| Solid waste | 1,456,119 | 1,204,919 | - | - |
| Total business-type activities | 2,135,125 | 1,885,270 | - | - |
| Total primary government | $ 16,952,785 | $ 6,530,228 | $ 565,730 | $ 283,949 |
| **Component unit:** | | | | |
| Board of Health | $ 354,688 | $ 138,296 | $ 207,234 | $ - |
| Total component unit | $ 354,688 | $ 138,296 | $ 207,234 | $ - |

General revenues:
- Property taxes
- Sales taxes
- Business 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

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 |
| $ (1,740,526) | $ - | $ (1,740,526) | $ - |
| (1,281,072) | - | (1,281,072) | - |
| (3,506,101) | - | (3,506,101) | - |
| (2,092,460) | - | (2,092,460) | - |
| (62,490) | - | (62,490) | - |
| (458,607) | - | (458,607) | - |
| (176,651) | - | (176,651) | - |
| (5,116) | - | (5,116) | - |
| (9,323,023) | - | (9,323,023) | - |
| - | 1,345 | 1,345 | - |
| - | (251,200) | (251,200) | - |
| - | (249,855) | (249,855) | - |
| $ (9,323,023) | $ (249,855) | $ (9,572,878) | $ - |
| $ - | $ - | $ - | $ (9,158) |
| $ - | $ - | $ - | $ (9,158) |
| $ 5,350,654 | $ - | $ 5,350,654 | $ - |
| 2,222,495 | - | 2,222,495 | - |
| 623,677 | - | 623,677 | - |
| 687,189 | - | 687,189 | - |
| 3,936 | 1,106 | 5,042 | - |
| - | - | - | - |
| (6,506) | 6,506 | - | - |
| 8,881,445 | 7,612 | 8,889,057 | - |
| (441,578) | (242,243) | (683,821) | (9,158) |
| 22,197,184 | 3,880,352 | 26,077,536 | 107,627 |
| $ 21,755,606 | $ 3,638,109 | $ 25,393,715 | $ 98,469 |

# MCINTOSH COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS

## SEPTEMBER 30, 2014

| ASSETS | General | Sales Tax 2010 | Other Governmental Funds | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,410,277 | $ 946,680 | $ 1,703,085 | $ 5,060,042 |
| Taxes receivable | 497,881 | - | 8,011 | 505,892 |
| Accounts receivable | 74,870 | - | 38,668 | 113,538 |
| Due from other funds | 185,292 | - | 40,801 | 226,093 |
| Due from other governments | 82,028 | 103,631 | 182,601 | 368,260 |
| Prepaid items | 277,283 | - | - | 277,283 |
| Advances to other funds | 674,684 | - | - | 674,684 |
| Total assets | $ 4,202,315 | $ 1,050,311 | $ 1,973,166 | $ 7,225,792 |
| **LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts and retainage payable | $ 149,267 | $ 345,926 | $ 58,077 | $ 553,270 |
| Accrued expenses | 170,723 | - | - | 170,723 |
| Due to other funds | 40,801 | - | 166,140 | 206,941 |
| Due to other governments | - | 43,833 | - | 43,833 |
| Total liabilities | 360,791 | 389,759 | 224,217 | 974,767 |
| **DEFERRED INFLOW OF RESOURCES** | | | | |
| Unavailable revenue - property taxes | 404,866 | - | - | 404,866 |
| Total deferred inflow of resources | 404,866 | - | - | 404,866 |
| **FUND BALANCES** | | | | |
| Nonspendable: | | | | |
| Prepaid items | 277,283 | - | - | 277,283 |
| Advances to other funds | 674,684 | - | - | 674,684 |
| Restricted for: | | | | |
| Judicial | - | - | 528,131 | 528,131 |
| Public safety | - | - | 970,758 | 970,758 |
| Economic development | - | - | 62,583 | 62,583 |
| Capital outlay | - | 660,552 | 258,829 | 919,381 |
| Committed to: | | | | |
| Capital outlay | - | - | 8,911 | 8,911 |
| Public safety | - | - | 40,454 | 40,454 |
| Unassigned (deficit) | 2,484,691 | - | (120,717) | 2,363,974 |
| Total fund balances | 3,436,658 | 660,552 | 1,748,949 | 5,846,159 |
| Total liabilities, deferred inflow of resources, and fund balances | $ 4,202,315 | $ 1,050,311 | $ 1,973,166 | |
| 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. | | | | 15,840,626 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | | | 404,866 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | (371,922) |
| Net pension asset included in governmental activities is not a financial resource and, therefore, is not reported in governmental funds. | | | | 35,877 |
| Net position of governmental activities | | | | $ 21,755,606 |

**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, 2014

| | General | Sales Tax 2010 | Other Governmental Funds | Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property taxes | $ 5,412,461 | $ - | $ - | $ 5,412,461 |
| Sales taxes | 952,498 | 1,269,997 | - | 2,222,495 |
| Business taxes | 623,677 | - | - | 623,677 |
| Other taxes | 514,779 | - | 172,410 | 687,189 |
| Licenses and permits | 106,054 | - | - | 106,054 |
| Intergovernmental | 543,219 | - | 305,453 | 848,672 |
| Charges for services | 809,790 | - | 274,593 | 1,084,383 |
| Fines and forfeitures | 2,299,781 | - | 589,330 | 2,889,111 |
| Interest | 2,262 | 685 | 1,996 | 4,943 |
| Other revenues | 564,790 | - | 620 | 565,410 |
| Total revenues | 11,829,311 | 1,270,682 | 1,344,402 | 14,444,395 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 2,723,891 | - | - | 2,723,891 |
| Judicial | 1,207,956 | - | 29,972 | 1,237,928 |
| Public safety | 6,210,427 | - | 867,284 | 7,077,711 |
| Public works | 1,027,777 | - | - | 1,027,777 |
| Health and welfare | 68,457 | - | - | 68,457 |
| Culture and recreation | 398,456 | - | 99,431 | 497,887 |
| Housing and development | 349,303 | - | 104,746 | 454,049 |
| Intergovernmental | - | 295,581 | - | 295,581 |
| Capital outlay | - | 1,275,508 | 83,246 | 1,358,754 |
| Debt service: | | | | |
| Principal | - | 20,326 | 19,538 | 39,864 |
| Interest | - | 1,686 | 4,416 | 6,102 |
| Total expenditures | 11,986,267 | 1,593,101 | 1,208,633 | 14,788,001 |
| Excess (deficiency) of revenues over (under) expenditures | (156,956) | (322,419) | 135,769 | (343,606) |
| **Other financing sources (uses):** | | | | |
| Transfers in | 197,873 | - | - | 197,873 |
| Transfers out | - | - | (197,873) | (197,873) |
| Total other financing sources (uses) | 197,873 | - | (197,873) | - |
| Net change in fund balances | 40,917 | (322,419) | (62,104) | (343,606) |
| **Fund balances, beginning of year** | 3,395,741 | 982,971 | 1,811,053 | 6,189,765 |
| **Fund balances, end of year** | $ 3,436,658 | $ 660,552 | $ 1,748,949 | $ 5,846,159 |

**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, 2014

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances - total governmental funds. | $ | (343,606) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period. | | 1,485 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net position. | | (10,356) |
| 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. | | (61,807) |
| 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 payment of principal on capital leases. | | 39,864 |
| 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. | | (67,158) |
| | $ | (441,578) |

**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, 2014

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues:** | | | | |
| Property taxes | $ 5,207,931 | $ 5,207,931 | $ 5,412,461 | $ 204,530 |
| Sales taxes | 972,468 | 972,468 | 952,498 | (19,970) |
| Business taxes | 599,831 | 599,831 | 623,677 | 23,846 |
| Other taxes | 405,516 | 405,516 | 514,779 | 109,263 |
| Licenses and permits | 114,776 | 114,776 | 106,054 | (8,722) |
| Intergovernmental | 539,322 | 539,322 | 543,219 | 3,897 |
| Charges for services | 809,200 | 809,200 | 809,790 | 590 |
| Fines and forfeitures | 2,208,468 | 2,208,468 | 2,299,781 | 91,313 |
| Interest income | 4,939 | 4,939 | 2,262 | (2,677) |
| Other revenues | 230,335 | 180,037 | 564,790 | 384,753 |
| Total revenues | 11,092,786 | 11,042,488 | 11,829,311 | 786,823 |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| General government: | | | | |
| Elections | 224,226 | 224,226 | 193,994 | 30,232 |
| Financial administration | 723,485 | 728,944 | 726,960 | 1,984 |
| Tax commissioner | 354,845 | 356,208 | 359,809 | (3,601) |
| Tax assessor | 545,452 | 602,370 | 658,248 | (55,878) |
| General government buildings and plant | 201,314 | 230,309 | 771,128 | (540,819) |
| Board of equalization | 31,490 | 31,490 | 13,752 | 17,738 |
| Total general government | 2,080,812 | 2,173,547 | 2,723,891 | (550,344) |
| Judicial: | | | | |
| Superior court | 426,248 | 429,820 | 433,370 | (3,550) |
| State court | 435,961 | 467,871 | 460,245 | 7,626 |
| Probate-magistrate court | 322,998 | 322,998 | 314,341 | 8,657 |
| Total judicial | 1,185,207 | 1,220,689 | 1,207,956 | 12,733 |
| Public safety: | | | | |
| Sheriff | 3,114,187 | 2,988,551 | 3,103,790 | (115,239) |
| Jail operations | 1,695,838 | 1,674,197 | 1,683,421 | (9,224) |
| Fire | 169,075 | 169,075 | 162,152 | 6,923 |
| Ambulance services | 910,708 | 910,708 | 880,016 | 30,692 |
| Coroner | 20,968 | 20,968 | 14,594 | 6,374 |
| Emergency management | 74,485 | 137,757 | 138,224 | (467) |
| Animal shelter | 232,058 | 232,058 | 228,230 | 3,828 |
| Total public safety | 6,217,319 | 6,133,314 | 6,210,427 | (77,113) |
| Public works: | | | | |
| Roads and bridges | 1,175,071 | 1,175,071 | 985,542 | 189,529 |
| Water | 35,996 | 35,996 | 42,235 | (6,239) |
| Total public works | 1,211,067 | 1,211,067 | 1,027,777 | 183,290 |

**(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, 2014

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| Health and welfare: | | | | |
| Health | $ 52,000 | $ 52,000 | $ 36,985 | $ 15,015 |
| Mosquito Control | 49,500 | 4,736 | 839 | 3,897 |
| Welfare | 14,000 | 14,000 | 14,040 | (40) |
| Family connections | 5,000 | 16,229 | 16,593 | (364) |
| Total health and welfare | 120,500 | 86,965 | 68,457 | 18,508 |
| Culture and recreation: | | | | |
| Leisure services | 349,778 | 349,778 | 335,456 | 14,322 |
| Library | 63,000 | 63,000 | 63,000 | - |
| Total culture and recreation | 412,778 | 412,778 | 398,456 | 14,322 |
| Housing and development: | | | | |
| County extension | 72,727 | 78,514 | 79,004 | (490) |
| Forestry services | - | 33,834 | 33,834 | - |
| Protective inspection | 191,043 | 191,043 | 192,368 | (1,325) |
| Economic opportunity | 38,028 | 38,028 | 44,097 | (6,069) |
| Total housing and development | 301,798 | 341,419 | 349,303 | (7,884) |
| Total expenditures | 11,529,481 | 11,579,779 | 11,986,267 | (406,488) |
| Deficiency of revenues over expenditures | (436,695) | (537,291) | (156,956) | 380,335 |
| **Other financing sources (uses):** | | | | |
| Proceeds from sale of assets | 5,000 | 5,000 | - | (5,000) |
| Transfers in | 331,538 | 331,538 | 197,873 | (133,665) |
| Total other financing sources (uses) | 336,538 | 336,538 | 197,873 | (138,665) |
| Net change in fund balances | (100,157) | (200,753) | 40,917 | 241,670 |
| **Fund balance, beginning of year** | 3,395,741 | 3,395,741 | 3,395,741 | - |
| **Fund balance, end of year** | $ 3,295,584 | $ 3,194,988 | $ 3,436,658 | $ 241,670 |

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## PROPRIETARY FUNDS

## SEPTEMBER 30, 2014

| ASSETS | Water Fund | Solid Waste Fund | Total |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | $ 414,608 | $ 501,436 | $ 916,044 |
| Accounts receivable, net of allowances | 91,963 | 96,529 | 188,492 |
| Due from other funds | 2,250 | - | 2,250 |
| Total current assets | 508,821 | 597,965 | 1,106,786 |
| **NONCURRENT ASSETS** | | | |
| Capital assets: | | | |
| Nondepreciable | 7,698,376 | 7,200 | 7,705,576 |
| Depreciable, net of accumulated depreciation | 3,016,547 | 777,660 | 3,794,207 |
| Total noncurrent assets | 10,714,923 | 784,860 | 11,499,783 |
| Total assets | 11,223,744 | 1,382,825 | 12,606,569 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable | - | 130,798 | 130,798 |
| Accrued expenses | 15,812 | - | 15,812 |
| Due to other funds | 21,402 | - | 21,402 |
| Customer deposits | 13,820 | - | 13,820 |
| Current portion - compensated absences | 2,998 | 2,887 | 5,885 |
| Current portion - bond payable | 84,750 | - | 84,750 |
| Total current liabilities | 138,782 | 133,685 | 272,467 |
| **LONG-TERM LIABILITIES** | | | |
| Advance from other funds | - | 674,684 | 674,684 |
| Compensated absences, net of current portion | 750 | 722 | 1,472 |
| Accrued landfill closure/postclosure care costs | - | 1,412,965 | 1,412,965 |
| Bond payable, net of current portion | 6,606,872 | - | 6,606,872 |
| Total long-term liabilities | 6,607,622 | 2,088,371 | 8,695,993 |
| Total liabilities | 6,746,404 | 2,222,056 | 8,968,460 |
| **NET POSITION (DEFICIT)** | | | |
| Net investment in capital assets | 4,023,301 | 784,860 | 4,808,161 |
| Restricted for: | | | |
| Debt service | 149,087 | - | 149,087 |
| Unrestricted (deficit) | 304,952 | (1,624,091) | (1,319,139) |
| Total net position | $ 4,477,340 | $ (839,231) | $ 3,638,109 |

**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, 2014

| | Water Fund | Solid Waste Fund | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 669,400 | $ 1,204,919 | $ 1,874,319 |
| Miscellaneous | 10,951 | - | 10,951 |
| Total operating revenues | 680,351 | 1,204,919 | 1,885,270 |
| **OPERATING EXPENSES** | | | |
| Salaries and benefits | 162,252 | 195,756 | 358,008 |
| Cost of sales and services | 99,536 | 1,062,580 | 1,162,116 |
| Supplies | 61,623 | 69,939 | 131,562 |
| Depreciation | 103,943 | 127,844 | 231,787 |
| Total operating expenses | 427,354 | 1,456,119 | 1,883,473 |
| Operating income (loss) | 252,997 | (251,200) | 1,797 |
| **NONOPERATING INCOME (EXPENSES)** | | | |
| Interest income | 398 | 708 | 1,106 |
| Interest expense | (251,652) | - | (251,652) |
| Total nonoperating income (expenses) | (251,254) | 708 | (250,546) |
| Income (loss) before capital contributions | 1,743 | (250,492) | (248,749) |
| **CAPITAL CONTRIBUTIONS** | | | |
| Other capital contributions | 6,506 | - | 6,506 |
| Total capital contributions | 6,506 | - | 6,506 |
| Change in net position | 8,249 | (250,492) | (242,243) |
| **NET POSITION (DEFICIT), beginning of year** | 4,469,091 | (588,739) | 3,880,352 |
| **NET POSITION (DEFICIT), end of year** | $ 4,477,340 | $ (839,231) | $ 3,638,109 |

**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, 2014

| | Water Fund | Solid Waste Fund | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and users | $ 678,988 | $ 1,143,255 | $ 1,822,243 |
| Payments to suppliers | (135,595) | (1,003,486) | (1,139,081) |
| Payments to employees | (161,090) | (198,723) | (359,813) |
| Net cash provided by (used in) operating activities | 382,303 | (58,954) | 323,349 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition and construction of capital assets | - | (25,447) | (25,447) |
| Principal payments on bonds payable | (68,378) | - | (68,378) |
| Payments of bond issuance costs | - | - | - |
| Capital grants received | - | - | - |
| Interest paid | (463,643) | - | (463,643) |
| Net cash used in capital and related financing activities | (532,021) | (25,447) | (557,468) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on investments | 398 | 708 | 1,106 |
| Net cash provided by investing activities | 398 | 708 | 1,106 |
| Net decrease in cash and cash equivalents | (149,320) | (83,693) | (233,013) |
| **Cash and cash equivalents:** | | | |
| Beginning of year | 563,928 | 585,129 | 1,149,057 |
| End of year | $ 414,608 | $ 501,436 | $ 916,044 |
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:** | | | |
| Operating income (loss) | $ 252,997 | $ (251,200) | $ 1,797 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation expense | 103,943 | 127,844 | 231,787 |
| Landfill closure/postclosure care expense | - | 77,987 | 77,987 |
| Change in assets and liabilities: | | | |
| Increase in accounts receivable | (1,363) | (7,122) | (8,485) |
| Decrease in inventory | 19,800 | - | 19,800 |
| Increase (decrease) in accounts payable | (12,213) | 46,915 | 34,702 |
| Increase in due to other funds | 7,807 | - | 7,807 |
| Increase in customer deposits | 10,170 | - | 10,170 |
| Increase in unearned revenue | - | (54,542) | (54,542) |
| Increase in advance from other funds | - | 4,131 | 4,131 |
| Increase (decrease) in compensated absences | 1,162 | (2,967) | (1,805) |
| Net cash provided by (used in) operating activities | $ 382,303 | $ (58,954) | $ 323,349 |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | | | |
| Contributions of capital assets from governmental activities | $ 6,506 | $ - | $ 6,506 |

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## AGENCY FUNDS

## SEPTEMBER 30, 2014

| ASSETS | Agency Funds |
|---|---|
| Cash | $ 822,960 |
| Taxes receivable | 1,152,753 |
| Total assets | $ 1,975,713 |
| **LIABILITIES** | |
| Due to others | $ 822,960 |
| Uncollected taxes | 1,152,753 |
| Total liabilities | $ 1,975,713 |

**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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 at 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, 2014.

## 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Deferred Outflows/Inflows of Resources

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.

### 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 represents 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 is 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 $371,922 difference are as follows:

| | |
|---|---|
| Accrued interest payable | $ (1,785) |
| Capital lease payable | (167,932) |
| Compensated absences | (202,205) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (371,922) |

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

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net 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 $1,485 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 1,553,795 |
| Depreciation expense | (1,552,310) |
| Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities* | $ 1,485 |

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 $67,158 difference are as follows:

| | |
|---|---|
| Accrued interest | $ 986 |
| Compensated absences | (78,035) |
| Net pension asset | 9,891 |
| Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities* | $ (67,158) |

## 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 budgets 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, 2013 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, 2014, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

| | Excess |
|---|---|
| Tax commissioner | $ 3,601 |
| Tax assessor | 55,878 |
| General government buildings and plant | 540,819 |
| Superior court | 3,550 |
| Sheriff | 115,239 |
| Jail operations | 9,224 |
| Emergency management | 467 |
| Welfare | 40 |
| Family connections | 364 |
| County extension | 490 |
| Protective inspection | 1,325 |
| Economic opportunity | 6,069 |

## NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2014 are summarized as follows:

| | |
|---|---|
| As reported in the Statement of Net Assets: | |
| Cash and cash equivalents | $ 5,976,086 |
| Cash deposited with financial institutions | $ 5,976,086 |

**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, 2014, 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, 2014 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 | $ 743,106 | $ 8,011 | $ - | $ - | $ 751,117 |
| Accounts | 74,870 | 38,668 | 121,159 | 130,404 | 365,101 |
| Gross receivables | 817,976 | 46,679 | 121,159 | 130,404 | 1,116,218 |
| Less allowance for uncollectibles | (245,225) | - | (29,196) | (33,875) | (308,296) |
| Net total receivable | $ 572,751 | $ 46,679 | $ 91,963 | $ 96,529 | $ 807,922 |

Property taxes attached as an enforceable lien on property as of January 1, 2013. Property taxes were levied on August 26, 2013, and payable on or before January 12, 2013. The County bills and collects its own property taxes. Property taxes levied for 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2014, and collected by November 30, 2014, are recognized as revenues in the year ended September 30, 2014. Net receivables estimated to be collected subsequent to November 30, 2014, 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, 2014 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 | - | 105,828 | - | (6,506) | 99,322 |
| Total capital assets, not being depreciated | 465,082 | 105,828 | - | (6,506) | 564,404 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 10,295,559 | 556,061 | - | - | 10,851,620 |
| Machinery and equipment | 6,221,425 | 891,906 | (7,000) | - | 7,106,331 |
| Infrastructure | 30,759,364 | - | - | - | 30,759,364 |
| Total capital assets, being depreciated | 47,276,348 | 1,447,967 | (7,000) | - | 48,717,315 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (2,630,191) | (266,314) | - | - | (2,896,505) |
| Machinery and equipment | (3,699,417) | (478,604) | 3,150 | - | (4,174,871) |
| Infrastructure | (25,562,325) | (807,392) | - | - | (26,369,717) |
| Total accumulated depreciation | (31,891,933) | (1,552,310) | 3,150 | - | (33,441,093) |
| Total capital assets, being depreciated, net | 15,384,415 | (104,343) | (3,850) | - | 15,276,222 |
| Governmental activities capital assets, net | $ 15,849,497 | $ 1,485 | $ (3,850) | $ (6,506) | $ 15,840,626 |
| **Business-type Activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 97,303 | $ - | $ - | $ - | $ 97,303 |
| Construction in progress | 7,601,767 | - | - | 6,506 | 7,608,273 |
| Total capital assets, not being depreciated | 7,699,070 | - | - | 6,506 | 7,705,576 |
| Capital assets, being depreciated: | | | | | |
| Building and improvements | 174,459 | - | - | - | 174,459 |
| Machinery and equipment | 1,113,531 | 25,447 | - | - | 1,138,978 |
| Water system | 4,261,966 | - | - | - | 4,261,966 |
| Landfill | 757,304 | - | - | - | 757,304 |
| Total | 6,307,260 | 25,447 | - | - | 6,332,707 |
| Less accumulated depreciation for: | | | | | |
| Building and improvements | (40,671) | (8,324) | - | - | (48,995) |
| Machinery and equipment | (485,568) | (97,684) | - | - | (583,252) |
| Water system | (1,238,398) | (90,651) | - | - | (1,329,049) |
| Landfill | (542,076) | (35,128) | - | - | (577,204) |
| Total | (2,306,713) | (231,787) | - | - | (2,538,500) |
| Total capital assets, being depreciated, net | 4,000,547 | (206,340) | - | - | 3,794,207 |
| Business-type activities capital assets, net | $ 11,699,617 | $ (206,340) | $ - | $ 6,506 | $ 11,499,783 |

## 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 | $ | 27,331 |
| Judicial | | 2,301 |
| Public safety | | 567,715 |
| Public works | | 872,970 |
| Health and welfare | | 11,530 |
| Culture and recreation | | 70,463 |
| Total depreciation expense - governmental activities | $ | 1,552,310 |
| | | |
| Business-type activities | | |
| Water Fund | $ | 103,943 |
| Solid Waste Fund | | 127,844 |
| Total depreciation expense - business-type activities | $ | 231,787 |

### 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 | $ 1,107 | $ - | $ 20,517 |
| Total | 19,410 | 1,107 | - | 20,517 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (19,207) | (424) | - | (19,631) |
| Total | (19,207) | (424) | - | (19,631) |
| Total capital assets, being depreciated, net | 203 | 683 | - | 886 |
| Board of Health capital assets, net | $ 203 | $ 683 | $ - | $ 886 |

## NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2014:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital leases payable | $ 207,796 | $ - | $ (39,864) | $ 167,932 | $ 39,710 |
| Compensated absences | 124,170 | 167,438 | (89,403) | 202,205 | 161,765 |
| Governmental activities long-term liabilities | $ 331,966 | $ 167,438 | $ (129,267) | $ 370,137 | $ 201,475 |
| **Business-type activities:** | | | | | |
| Revenue bonds payable | $ 6,760,000 | $ - | $ (68,378) | $ 6,691,622 | $ 84,750 |
| Compensated absences | 9,162 | 4,792 | (6,597) | 7,357 | 5,885 |
| Closure and postclosure care | 1,334,978 | 77,987 | - | 1,412,965 | - |
| Business-type activities long-term liabilities | $ 8,104,140 | $ 82,779 | $ (74,975) | $ 8,111,944 | $ 90,635 |
| **Component unit - McIntosh County Board of Health:** | | | | | |
| Compensated absences | $ 25,531 | $ - | $ (375) | $ 25,156 | $ 5,031 |
| McIntosh County Board of Health long-term liabilities | $ 25,531 | $ - | $ (375) | $ 25,156 | $ 5,031 |

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, 2014:

| | Governmental Activities |
|---|---|
| Equipment | $ 319,386 |
| Less: Accumulated depreciation | (144,283) |
| | $ 175,103 |

The County recorded $31,939 in depreciation expense on capital leases during the year ended September 30, 2014.

## 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, 2014:

| | Governmental Activities |
|---|---|
| Fiscal year ending September 30, | |
| 2015 | $ 45,966 |
| 2016 | 45,966 |
| 2017 | 45,966 |
| 2018 | 45,966 |
| Total minimum lease payments | 183,864 |
| Less amount representing interest | 15,932 |
| Present value of future minimum lease payments | $ 167,932 |

**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 |
|---|---|---|---|
| 2015 | $ 334,224 | $ 84,750 | $ 249,474 |
| 2016 | 334,224 | 87,295 | 246,929 |
| 2017 | 334,224 | 91,314 | 242,910 |
| 2018 | 334,224 | 94,798 | 239,426 |
| 2019 | 334,224 | 98,414 | 235,810 |
| 2020 - 2024 | 1,671,120 | 549,983 | 1,121,137 |
| 2025 - 2029 | 1,671,120 | 663,998 | 1,007,122 |
| 2030 - 2034 | 1,671,120 | 800,745 | 870,375 |
| 2035 - 2039 | 1,671,120 | 965,661 | 705,459 |
| 2040 - 2044 | 1,671,120 | 1,164,314 | 506,806 |
| 2045 - 2049 | 1,671,120 | 1,404,513 | 266,607 |
| 2050 - 2052 | 714,754 | 685,837 | 28,917 |
| | $ 12,412,594 | $ 6,691,622 | $ 5,720,972 |

## 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 $1,412,965 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 $1,998,442 will be recognized on a pro rata basis as the remaining estimated capacity of 201,608 cubic yards of useable space is filled. Approximately 71% 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, 2014, is as follows:

**Due to/from other funds:**

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 163,890 |
| General Fund | Water Fund | 21,402 |
| Nonmajor Governmental Funds | General Fund | 40,801 |
| Water Fund | Nonmajor Governmental Funds | 2,250 |
| | | $ 228,343 |

**Advances to/from other funds:**

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Solid Waste Fund | $ 674,684 |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

Interfund transfers:

| | Transfer From | |
|---|---|---|
| | Nonmajor Governmental Funds | Total |
| Transfer To | | |
| General Fund | $ 197,873 | $ 197,873 |
| Total | $ 197,873 | $ 197,873 |

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, 2014, the date of the most recent actuarial valuation, there were 222 participants as follows:

| | |
|---|---|
| Active participants | 117 |
| Retirees and beneficiaries | 34 |
| Vested terminated | 71 |
| | 222 |

### Funding Policy

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

## NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### 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:

| | 2014 |
|---|---|
| **Derivation of Annual Pension Cost** | |
| Annual Required Contribution | $ 292,547 |
| Interest on Net Pension Obligation | (2,014) |
| Amortization of Net Pension Obligation | 2,155 |
| Annual Pension Cost | $ 292,688 |
| **Derivation of Net Pension Obligation (Asset)** | |
| Annual Pension Cost for Fiscal Year 2013 | $ 292,688 |
| Actual Contributions to Plan for Fiscal Year 2013 | 302,579 |
| Decrease in Net Pension Obligation | (9,891) |
| Net Pension Obligation (Asset) as of September 30, 2013 | (25,986) |
| Net Pension Obligation (Asset) as of September 30, 2014 | $ (35,877) |

### Basis of Valuation

| | |
|---|---|
| Current valuation date | January 1, 2014 |
| Annual return on invested Plan assets | 7.50% |
| Projected annual salary increases | 2.5%-5.0% 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 | 30 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 |
|---|---|---|---|---|
| 1/1/2014 | $ 292,688 | $ 302,579 | 103% | $ (35,877) |
| 1/1/2013 | 232,725 | 243,086 | 104% | (25,986) |
| 1/1/2012 | 227,163 | 239,442 | 105% | (15,625) |

## NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent valuation date, December 31, 2013, 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) |
|---|---|---|---|---|---|---|
| 12/31/13 | $ 2,850,438 | $ 3,631,329 | $ 780,891 | 78.5% | $ 3,555,589 | 22.0% |

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, 2013.

## 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, 2014, employees contributed $29,353 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, 2014, 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.

## 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.

## NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Grant Contingencies

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

## 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, 2014, 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 an 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, 2014, were $172,410. Of this amount, $104,746, or 61% 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 reported a deficit fund balance of $103,906, the Hotel Tax Fund reported a deficit fund balance of $16,811, and the Solid Waste Fund reported a deficit net position of $893,773 at September 30, 2014. The Grant Fund and Hotel Tax Fund deficits are intended to be eliminated through increased transfers from the General Fund. The Solid Waste Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

# MCINTOSH COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|---|---|---|---|---|---|---|
| 12/31/13 | $ 2,850,438 | $ 3,631,329 | $ 780,891 | 78.5% | $ 3,555,589 | 22.0% |
| 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% |

# MCINTOSH COUNTY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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## 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, 2014

| | Special Revenue Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | **Law Library** | **Confiscated Assets** | **Jail** | **Drug** | **Victim Witness Assistance** | **Jail Commissary** | **E-911** |
| Cash and cash equivalents | $ 191,663 | $ 62,410 | $ 144,758 | $ 80,018 | $ 334,945 | $ 40,454 | $ 487,097 |
| Taxes receivable | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | 38,668 |
| Due from other funds | - | - | 31,890 | - | - | - | - |
| Due from other governments | - | - | - | 222 | 9,306 | - | 161,373 |
| Total assets | $ 191,663 | $ 62,410 | $ 176,648 | $ 80,240 | $ 344,251 | $ 40,454 | $ 687,138 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| Accounts and retainage payable | $ - | $ - | $ 7,062 | $ 10,000 | $ - | $ - | $ 2,937 |
| Due to other funds | 7,783 | - | - | 5,995 | - | - | 9,684 |
| Total liabilities | 7,783 | - | 7,062 | 15,995 | - | - | 12,621 |
| **FUND BALANCES** | | | | | | | |
| Restricted for: | | | | | | | |
| Judicial | 183,880 | - | - | - | 344,251 | - | - |
| Public safety | - | 62,410 | 169,586 | 64,245 | - | - | 674,517 |
| Economic development | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Committed to: | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | 40,454 | - |
| Unassigned (deficit) | - | - | - | - | - | - | - |
| Total fund balances | 183,880 | 62,410 | 169,586 | 64,245 | 344,251 | 40,454 | 674,517 |
| Total liabilities and fund balances | $ 191,663 | $ 62,410 | $ 176,648 | $ 80,240 | $ 344,251 | $ 40,454 | $ 687,138 |

| Grant | Hotel/ Motel Tax | Revolving Loan | Capital Projects Funds: Sales Tax | Capital Projects Funds: USDA Construction | Capital Projects Funds: CDBG Water System | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| $ - | $ - | $ 62,583 | $ 245,345 | $ 53,812 | $ - | $ 1,703,085 |
| - | 8,011 | - | - | - | - | 8,011 |
| - | - | - | - | - | - | 38,668 |
| - | - | - | - | - | 8,911 | 40,801 |
| 11,700 | - | - | - | - | - | 182,601 |
| $ 11,700 | $ 8,011 | $ 62,583 | $ 245,345 | $ 53,812 | $ 8,911 | $ 1,973,166 |
| | | | | | | |
| $ - | $ - | $ - | $ 21,136 | $ 16,942 | $ - | $ 58,077 |
| 115,606 | 24,822 | - | 2,250 | - | - | 166,140 |
| 115,606 | 24,822 | - | 23,386 | 16,942 | - | 224,217 |
| | | | | | | |
| - | - | - | - | - | - | 528,131 |
| - | - | - | - | - | - | 970,758 |
| - | - | 62,583 | - | - | - | 62,583 |
| - | - | - | 221,959 | 36,870 | - | 258,829 |
| - | - | - | - | - | 8,911 | 8,911 |
| - | - | - | - | - | - | 40,454 |
| (103,906) | (16,811) | - | - | - | - | (120,717) |
| (103,906) | (16,811) | 62,583 | 221,959 | 36,870 | 8,911 | 1,748,949 |
| $ 11,700 | $ 8,011 | $ 62,583 | $ 245,345 | $ 53,812 | $ 8,911 | $ 1,973,166 |

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | Special Revenue Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Law Library | Confiscated Assets | Jail | Drug | Victim Witness Assistance | Jail Commissary | E-911 |
| **Revenues:** | | | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - | - | 246,106 |
| Charges for services | - | - | - | - | - | 46,243 | 228,350 |
| Fines and forfeitures | 91,633 | 77,744 | 206,642 | 44,805 | 168,506 | - | - |
| Interest income | 546 | 156 | 125 | 62 | 318 | 50 | 355 |
| Other revenues | - | - | - | - | - | - | 620 |
| Total revenues | 92,179 | 77,900 | 206,767 | 44,867 | 168,824 | 46,293 | 475,431 |
| **Expenditures:** | | | | | | | |
| Current | | | | | | | |
| Judicial | 29,972 | - | - | - | - | - | - |
| Public safety | - | 83,643 | 184,106 | 36,406 | 8,338 | 48,254 | 501,084 |
| Culture and recreation | - | - | - | - | - | - | - |
| Housing and development | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Debt service | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total expenditures | 29,972 | 83,643 | 184,106 | 36,406 | 8,338 | 48,254 | 501,084 |
| Excess (deficiency) of revenues over (under) expenditures | 62,207 | (5,743) | 22,661 | 8,461 | 160,486 | (1,961) | (25,653) |
| **Other financing sources (uses):** | | | | | | | |
| Transfers out | - | - | - | - | (113,398) | - | - |
| Total other financing sources (uses) | - | - | - | - | (113,398) | - | - |
| Net change in fund balances | 62,207 | (5,743) | 22,661 | 8,461 | 47,088 | (1,961) | (25,653) |
| **Fund balances (deficit), beginning of year** | 121,673 | 68,153 | 146,925 | 55,784 | 297,163 | 42,415 | 700,170 |
| **Fund balances (deficit), end of year** | $ 183,880 | $ 62,410 | $ 169,586 | $ 64,245 | $ 344,251 | $ 40,454 | $ 674,517 |

| | | | | Capital Projects Funds | | | |
|---|---|---|---|---|---|---|---|
| Grant | Hotel/ Motel Tax | Revolving Loan | Sales Tax | USDA Construction | CDBG Water System | Total Nonmajor Governmental Funds |
| $ - | $ 172,410 | $ - | $ - | $ - | $ - | $ 172,410 |
| 17,200 | - | - | - | 42,147 | - | 305,453 |
| - | - | - | - | - | - | 274,593 |
| - | - | - | - | - | - | 589,330 |
| - | - | 62 | 322 | - | - | 1,996 |
| - | - | - | - | - | - | 620 |
| 17,200 | 172,410 | 62 | 322 | 42,147 | - | 1,344,402 |
| | | | | | | |
| - | - | - | - | - | - | 29,972 |
| 5,453 | - | - | - | - | - | 867,284 |
| 99,431 | - | - | - | - | - | 99,431 |
| - | 104,746 | - | - | - | - | 104,746 |
| - | - | - | 76,740 | 6,506 | - | 83,246 |
| - | - | - | 19,538 | - | - | 19,538 |
| - | - | - | 4,416 | - | - | 4,416 |
| 104,884 | 104,746 | - | 100,694 | 6,506 | - | 1,208,633 |
| (87,684) | 67,664 | 62 | (100,372) | 35,641 | - | 135,769 |
| - | (84,475) | - | - | - | - | (197,873) |
| - | (84,475) | - | - | - | - | (197,873) |
| (87,684) | (16,811) | 62 | (100,372) | 35,641 | - | (62,104) |
| (16,222) | - | 62,521 | 322,331 | 1,229 | 8,911 | 1,811,053 |
| $ (103,906) | $ (16,811) | $ 62,583 | $ 221,959 | $ 36,870 | $ 8,911 | $ 1,748,949 |

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| 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 | $ - | $ 1,335,325 |
| Animal Shelter Improvements | 60,000 | 60,000 | 51,983 | - | 51,983 |
| Emergency Medical Improvements | 625,000 | 625,000 | 549,521 | - | 549,521 |
| Landfill Improvements | 1,050,000 | 1,050,000 | 1,024,950 | - | 1,024,950 |
| Recreational Facilities | 1,040,000 | 1,040,000 | 445,897 | - | 445,897 |
| County Roads and Bridges Improvements | 2,675,000 | 2,675,000 | 1,986,678 | 32,248 | 2,018,926 |
| City of Darien Projects | 450,000 | 450,000 | 431,049 | - | 431,049 |
| County Office Equipment Enhancements | 115,000 | 115,000 | 99,517 | 44,492 | 144,009 |
| Development Authority Projects | 250,000 | 250,000 | 100,000 | - | 100,000 |
| Jail Facility Improvements | 675,000 | 675,000 | 424,257 | - | 424,257 |
| Totals | $ 8,190,000 | $ 8,190,000 | $ 6,449,177 | $ 76,740 | $ 6,525,917 |

**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 $23,954.

| Project Description | Original Costs | Estimated Costs | Expenditures | | |
|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total |
| **2010 REFERENDUM** | | | | | |
| Courthouse Improvements | $ 221,455 | $ 221,455 | $ 15,999 | $ 40,873 | $ 56,872 |
| Animal Shelter Improvements | 75,000 | 75,000 | - | 19,477 | 19,477 |
| Elections Equipment | 15,000 | 15,000 | - | - | - |
| Emergency Medical Assistance Equipment | 147,000 | 147,000 | - | - | - |
| Emergency Medical Service Equipment | 617,240 | 617,240 | 150,892 | 290,300 | 441,192 |
| Landfill Equipment and Improvements | 855,000 | 855,000 | 89,500 | - | 89,500 |
| Leisure Services Equipment and Improvements | 868,000 | 868,000 | 10,000 | 24,660 | 34,660 |
| Roads and Bridges Improvements | 2,151,305 | 2,151,305 | 131,500 | 591,746 | 723,246 |
| Sheriff's Department Improvements | 500,000 | 500,000 | 64,132 | 119,825 | 183,957 |
| Volunteer Fire Equipment | 780,000 | 780,000 | 10,072 | 188,627 | 198,699 |
| 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 | 295,581 | 569,638 |
| Totals | $ 9,500,000 | $ 9,500,000 | $ 746,152 | $ 1,571,089 | $ 2,317,241 |

**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 $22,012.

# MCINTOSH COUNTY, GEORGIA

## AGENCY FUNDS

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**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:

**Clerk of Court**
**Probate-Magistrate Court**

# MCINTOSH COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## AGENCY FUNDS

## SEPTEMBER 30, 2014

| ASSETS | Tax Commissioner | Clerk of Courts | Probate - Magistrate Court | Jail Inmate | Total |
|---|---|---|---|---|---|
| Cash | $ 129,322 | $ 629,021 | $ 64,101 | $ 516 | $ 822,960 |
| Taxes receivable | 1,152,753 | - | - | - | 1,152,753 |
| Total assets | $ 1,282,075 | $ 629,021 | $ 64,101 | $ 516 | $ 1,975,713 |
| **LIABILITIES** | | | | | |
| Due to others | $ 129,322 | $ 629,021 | $ 64,101 | $ 516 | $ 822,960 |
| Uncollected taxes | 1,152,753 | - | - | - | 1,152,753 |
| Total liabilities | $ 1,282,075 | $ 629,021 | $ 64,101 | $ 516 | $ 1,975,713 |

# 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, 2014, 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 June 25, 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.

**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 responses, 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 responses as items 2014-002 and 2014-003 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 responses as item 2014-001 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 responses. 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
June 25, 2015

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### 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***

There was not an audit of major federal award programs as of June 30, 2014 due to the total amount expended being less than $500,000.

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2014 - 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, and the operations of the Confiscated Assets Fund, Jail Fund and Jail Commissary Fund.

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.

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2014 - 001. Segregation of Duties (Continued)**

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.

**2014 - 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 amounts due from other governments in the Nonmajor Funds as of September 30, 2014.

Context: See above condition.

Effect: Adjustments to decrease due from other governments in the amount of $130,433 and to decrease revenues in the same amount was required in the Nonmajor Funds.

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

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.

**2014 - 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, 2014 as it relates to accounts payable within the General Fund, Sales Tax 2010 Fund, Solid Waste Fund, and the Nonmajor Funds.

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, 2014.

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2014 - 003. Management of Accounts Payable (Continued)**

Effect: Adjustments to increase accounts payable in the amount of $96,592 and increase expenditures in the same amount were required to be made in the General Fund. An adjustment to increase accounts payable by $233,486 and increase expenditures in the same amount was required to be made in the Sales Tax 2010 Fund. An adjustment to increase accounts payable in the amount of $57,937 and increase expenses in the same amount was required to be made in the Solid Waste Fund. Adjustments to increase accounts payable in the amount of $114,636 and increase expenditures in the same amount was required to be made in the Nonmajor Funds.

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

Recommendation: We recommend the County implement procedures to verify all expenditure/expense items are recorded in the proper period.

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

### SECTION III
### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2014-001.

**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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2014-002.

**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 Sales Tax 2010 Fund and Solid Waste Fund.

Auditee Response/Status: Unresolved – See current year financial audit finding 2014-003.