

**MCINTOSH COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2015**

# MCINTOSH COUNTY, GEORGIA

## FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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# MCINTOSH COUNTY, GEORGIA

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2015, 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.

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**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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 9 and Note 17, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of October 1, 2014. Our opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 57), the Schedule of County Contributions (on page 58), and the Schedule of Proportionate Share of Net Pension Liability and the Schedule of Contributions (on page 59) 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 July 26, 2016, 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  
July 26, 2016

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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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, 2015. 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 2015 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 2015 are as follows:

##### Government-Wide Financial Statements:

- At September 30, 2015 McIntosh County's assets exceeded its liabilities by \$24,038,001 (net position).
- The County's \$20,814,080 net investment in capital assets leaves the County with \$3,223,920 in net position of which \$2,872,588 is restricted.
- McIntosh County's total net position decreased from \$24,599,451 in the prior year to \$24,038,001 in the current year, for a total decrease of \$1,355,714, or 5%.
- McIntosh County's revenues for fiscal year 2015 totaled \$16,780,067. Of this amount, 31% are property tax revenues, 13% are sales tax revenues, 8% are other tax revenues, 432 are charges for services and the remaining 16% are other revenues. This is a 3% increase over fiscal year 2014 revenues.



# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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- McIntosh County's total program expenses for fiscal year 2015 totaled \$17,341,517. Of this amount, 47% are public safety expenses, 14% are general governmental expenses, 8% are judicial expenses, 6% are public works expenses, 8% are solid waste, and the remaining 17% are other expenses. This is a 2% increase over fiscal year 2014 expenses.

#### Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of \$6,183,634 for fiscal year ended September 30, 2015. This amount is over the total governmental funds liabilities and deferred inflow of resources by \$4,823,686 (fund balance).
- Total governmental fund's fund balances for fiscal year ended September 30, 2015 decreased by \$1,022,473 from the previous year. This decrease was a result of a \$1,086,024 decrease in the General Fund, a \$545,059 increase in the Sales Tax 2010 Fund, and a \$481,508 decrease in Other Governmental Funds.
- Total governmental fund balance of \$4,823,686 consists of \$943,479 nonspendable, \$2,723,352 restricted, \$45,076 committed, and \$1,111,779 unassigned.
- Due to total revenues for the General Fund falling short of budgeted amounts by \$645,080, or approximately 5.4%, and total expenditures for the General Fund being under budget by \$216,464, or approximately 1.7%, McIntosh County experienced a decrease in the fund balance of approximately 8.7% 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.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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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 15 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 pages 18 and 19 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.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

- 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, 2015 and 2014.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current & other assets	\$ 5,837,447	\$ 7,054,728	\$ 386,440	\$ 410,700	\$ 6,223,887	\$ 7,465,428
Capital assets	15,777,255	15,840,626	11,959,612	11,499,783	27,736,867	27,340,409
Total assets	<u>21,614,702</u>	<u>22,895,354</u>	<u>12,346,052</u>	<u>11,910,483</u>	<u>33,960,754</u>	<u>34,805,837</u>
Deferred outflows of resources	342,708	289,906	14,982	12,674	357,690	302,580
Long-term liabilities	1,221,995	1,185,189	8,058,910	8,150,498	9,280,905	9,335,687
Other liabilities	828,782	971,086	170,756	166,315	999,538	1,137,401
Total liabilities	<u>2,050,777</u>	<u>2,156,275</u>	<u>8,229,666</u>	<u>8,316,813</u>	<u>10,280,443</u>	<u>10,473,088</u>
Net position:						
Net investment in capital assets	15,461,340	15,672,694	5,352,740	4,808,161	20,814,080	20,480,855
Restricted	2,723,352	2,480,853	149,236	149,087	2,872,588	2,629,940
Unrestricted (deficit)	1,721,941	2,875,438	(1,370,608)	(1,350,904)	351,333	1,524,534
Total net position	<u>\$ 19,906,633</u>	<u>\$ 21,028,985</u>	<u>\$ 4,131,368</u>	<u>\$ 3,606,344</u>	<u>\$ 24,038,001</u>	<u>\$ 24,635,329</u>

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 \$24,038,001 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (86.6 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 (11.3 percent) represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position (\$351,333) may be used to meet the government's ongoing obligations to citizens and creditors.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

The following table summarizes the changes in net position for the primary government for the fiscal years ended September 30, 2015 and 2014.

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

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Revenues:						
Program revenues:						
Charges for services	\$ 3,539,348	\$ 4,644,958	\$ 1,868,611	\$ 1,885,270	\$ 5,407,959	\$ 6,530,228
Operating grants	1,346,679	565,730	-	-	1,346,679	565,730
Capital grants	1,251,065	283,949	-	253,500	1,251,065	537,449
General revenues:						
Property taxes	5,139,697	5,350,654	-	-	5,139,697	5,350,654
Sales taxes	2,204,378	2,222,495	-	-	2,204,378	2,222,495
Business taxes	647,972	623,677	-	-	647,972	623,677
Other taxes	765,971	687,189	-	-	765,971	687,189
Unrestricted investment earnings	3,808	3,936	1,038	1,106	4,846	5,042
Gain of sale of assets	11,500	-	-	-	11,500	-
<b>Total revenues</b>	<b>14,910,418</b>	<b>14,382,588</b>	<b>1,869,649</b>	<b>2,139,876</b>	<b>16,780,067</b>	<b>16,522,464</b>
Program expenses:						
General government	2,498,458	2,546,744	-	-	2,498,458	2,546,744
Judicial	1,333,208	1,281,102	-	-	1,333,208	1,281,102
Public safety	8,098,187	7,600,320	-	-	8,098,187	7,600,320
Public works	1,071,222	2,379,227	-	-	1,071,222	2,379,227
Health & welfare	164,732	79,987	-	-	164,732	79,987
Culture & recreation	1,322,067	471,115	-	-	1,322,067	471,115
Housing & development	821,588	454,049	-	-	821,588	454,049
Interest	9,766	5,116	-	-	9,766	5,116
Water	-	-	660,069	679,006	660,069	679,006
Solid waste	-	-	1,362,220	1,456,119	1,362,220	1,456,119
<b>Total expenses</b>	<b>15,319,228</b>	<b>14,817,660</b>	<b>2,022,289</b>	<b>2,135,125</b>	<b>17,341,517</b>	<b>16,952,785</b>
Excess (deficiency)	(408,810)	(435,072)	(152,640)	4,751	(561,450)	(430,321)
Transfers	(677,664)	(6,506)	677,664	6,506	-	-
Net changes in net position	(1,086,474)	(441,578)	525,024	11,257	(561,450)	(430,321)
Net position - beg. of year	20,993,107	21,434,685	3,606,344	3,595,087	24,599,451	25,029,772
Net position - end of year	\$ 19,906,633	\$ 20,993,107	\$ 4,131,368	\$ 3,606,344	\$ 24,038,001	\$ 24,599,451

Total revenues for governmental activities fell short of total expenses by \$408,811. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to charges for services, \$3,539,348 or 24%, and property taxes of \$5,139,697, or 34%.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety at \$8,098,187 or 53%, with the second largest expense attributable to general government, reporting expenses of \$2,498,458 or 16%.

#### Governmental Activities

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

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

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 2,498,458	\$ 2,546,744	\$ 2,144,499	\$ 1,740,526
Judicial	1,333,208	1,281,102	1,333,208	1,281,072
Public safety	8,098,187	7,600,320	4,587,109	3,506,101
Public works	1,071,222	2,379,227	(414,326)	2,092,460
Health & welfare	164,732	79,987	58,813	62,490
Culture & recreation	1,322,067	471,115	1,262,288	458,607
Housing & development	821,588	454,049	200,779	176,651
Interest on long-term debt	9,766	5,116	9,766	5,116
Totals	\$ 15,319,228	\$ 14,817,660	\$ 9,182,136	\$ 9,323,023

As noted in the above table, governmental programs fell \$9,182,136 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, 2015.

#### The County's Major Governmental Funds

At the end of fiscal year 2015, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of \$4,823,686. This balance decreased by \$1,022,473 from prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 16 reports a loss of \$1,244,672 in the General Fund, a surplus totaling \$283,877 was reported for the Sales Tax 2010 Fund, and a loss of \$334,360 for Other Governmental Funds.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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McIntosh County's total governmental fund balance of \$4,823,686 is divided into four categories: nonspendable (\$943,479), restricted (\$2,723,352), and committed (\$45,076), which leaves unassigned (\$1,111,779) that is available for use to meet current ongoing obligations of the County.

Revenues for the General Fund totaled \$11,200,040, or approximately 75% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. Of this amount, \$5,149,703 (or 46%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, \$1,736,966, or 16%.

Expenditures for the General Fund totaled \$12,444,712 (not including Other Financing Sources). Expenditures exceeded revenues by \$1,244,672.

Expenditures for the Sales Tax 2010 Fund totaled \$976,534 for a project being funded through Special Purpose Local Option Sales Tax revenues.

#### **General Fund Budgetary Highlights**

Total revenues in the General Fund fell short of budgeted amounts by \$645,080, or approximately 5%. This final result is a combination of both positive and negative variance as reported on the General Fund Budgetary Comparison Schedule presented on pages 18 and 19. The largest positive variance, \$44,787 is reported in the line item of intergovernmental.

General Fund expenditures (not including other financing sources) for the year ended September 30, 2015 were under budget by \$216,464, or approximately 2%. The largest area of variance of \$133,057 is reported in the sheriff's department line item. The main contributing factors to this variance can be found in the line item of the sheriff's department where some new vehicles were purchased.

#### **Capital Asset and Debt Administration**

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$27,736,867 (net of accumulated depreciation). This is an increase of \$396,458 from last year. The increase is mostly due to the purchase of land and construction in progress of various projects. Table 4 is summary data of capital assets.

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

**Table 4**  
**Capital Assets (Net of Depreciation)**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 465,082	\$ 214,793	\$ 679,875
Construction in progress	939,139	8,009,116	8,948,255
Buildings	7,687,558	117,141	7,804,699
Machinery and equipment	2,759,790	631,488	3,391,278
Infrastructure	3,925,686	-	3,925,686
Water system	-	2,842,266	2,842,266
Landfill	-	144,808	144,808
Totals	<u>\$ 15,777,255</u>	<u>\$ 11,959,612</u>	<u>\$ 27,736,867</u>

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 98% 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 \$8,245,325 in outstanding long-term liabilities which includes \$1,494,259 in closure and post closure care costs for the McIntosh County Landfill Fund, \$6,606,872 in revenue bonds payable and the remaining 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 FY16 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, 2015**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	\$ 3,944,488	\$ 895,451	\$ 4,839,939	\$ 132,922
Taxes receivable	433,255	-	433,255	-
Accounts receivable	91,372	183,743	275,115	6,262
Internal balances	692,754	(692,754)	-	-
Due from other governments	398,305	-	398,305	31,460
Prepaid expenses	277,273	-	277,273	-
Capital assets, non-depreciable	1,404,221	8,223,909	9,628,130	-
Capital assets, depreciable, net of accumulated depreciation	14,373,034	3,735,703	18,108,737	665
Total assets	21,614,702	12,346,052	33,960,754	171,309
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net difference between projected and actual earnings on pension plan investments	12,515	547	13,062	-
Differences between expected and actual experience of economic/demographic (gains)/losses	23,861	1,043	24,904	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-	-	9,085
Employer contributions subsequent to the measurement date	306,332	13,392	319,724	38,826
Total deferred outflows of resources	342,708	14,982	357,690	47,911
<b>LIABILITIES</b>				
Accounts and retainage payable	384,876	40,491	425,367	2,043
Accrued liabilities	197,806	15,612	213,418	-
Due to other governments	39,645	-	39,645	14,987
Customer deposits	-	20,568	20,568	-
Capital leases due within one year	110,190	-	110,190	-
Capital leases due in more than one year	205,725	-	205,725	-
Bond payable due within one year	-	87,295	87,295	-
Bond payable due in more than one year	-	6,519,577	6,519,577	-
Compensated absences due within one year	96,265	6,790	103,055	5,734
Compensated absences due in more than one year	24,066	1,698	25,764	22,936
Closure and postclosure care cost	-	1,494,259	1,494,259	-
Net pension liability	992,204	43,376	1,035,580	290,673
Total liabilities	2,050,777	8,229,666	10,280,443	336,373
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Net difference between projected and actual earnings on pension plan investments	-	-	-	70,916
Total deferred outflows of resources	-	-	-	70,916
<b>NET POSITION</b>				
Net investment in capital assets	15,461,340	5,352,740	20,814,080	665
Restricted for:				
Judicial	435,488	-	435,488	-
Public safety	836,486	-	836,486	-
Economic development	62,646	-	62,646	-
Capital outlay	1,326,987	-	1,326,987	-
Tourism	61,745	-	61,745	-
Special use	-	-	-	102,000
Debt service	-	149,236	149,236	-
Unrestricted (deficit)	1,721,941	(1,370,608)	351,333	(290,734)
Total net position (deficit)	\$ 19,906,633	\$ 4,131,368	\$ 24,038,001	\$ (188,069)



# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,498,458	\$ 353,863	\$ -	\$ 96
Judicial	1,333,208	-	-	-
Public safety	8,098,187	3,172,641	338,369	68
Public works	1,071,222	-	234,657	1,250,891
Health and welfare	164,732	-	105,919	-
Culture and recreation	1,322,067	12,844	46,925	10
Housing and development	821,588	-	620,809	-
Interest on long-term debt	9,766	-	-	-
Total governmental activities	15,319,228	3,539,348	1,346,679	1,251,065
Business-type activities:				
Water	660,069	683,009	-	-
Solid waste	1,362,220	1,185,602	-	-
Total business-type activities	2,022,289	1,868,611	-	-
Total primary government	\$ 17,341,517	\$ 5,407,959	\$ 1,346,679	\$ 1,251,065
<b>Component unit:</b>				
Board of Health	\$ 382,212	\$ 131,748	\$ 221,829	\$ -
Total component unit	\$ 382,212	\$ 131,748	\$ 221,829	\$ -
General revenues:				
Property taxes				
Sales taxes				
Business taxes				
Other taxes				
Unrestricted investment earnings				
Other revenue				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit), beginning of year, as restated				
Net position (deficit), 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
\$ (2,144,499)	\$ -	\$ (2,144,499)	\$ -
(1,333,208)	-	(1,333,208)	-
(4,587,109)	-	(4,587,109)	-
414,326	-	414,326	-
(58,813)	-	(58,813)	-
(1,262,288)	-	(1,262,288)	-
(200,779)	-	(200,779)	-
(9,766)	-	(9,766)	-
<u>(9,182,136)</u>	<u>-</u>	<u>(9,182,136)</u>	<u>-</u>
-	22,940	22,940	-
-	(176,618)	(176,618)	-
-	(153,678)	(153,678)	-
<u>\$ (9,182,136)</u>	<u>\$ (153,678)</u>	<u>\$ (9,335,814)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (28,635)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,635)</u>
\$ 5,139,697	\$ -	\$ 5,139,697	\$ -
2,204,378	-	2,204,378	-
647,972	-	647,972	-
765,971	-	765,971	-
3,808	1,038	4,846	-
-	-	-	71,172
11,500	-	11,500	-
(677,664)	677,664	-	-
<u>8,095,662</u>	<u>678,702</u>	<u>8,774,364</u>	<u>71,172</u>
(1,086,474)	525,024	(561,450)	42,537
20,993,107	3,606,344	24,599,451	(230,606)
<u>\$ 19,906,633</u>	<u>\$ 4,131,368</u>	<u>\$ 24,038,001</u>	<u>\$ (188,069)</u>

# MCINTOSH COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

ASSETS	General	Sales Tax 2010	Other Governmental Funds	Total
Cash and cash equivalents	\$ 1,511,012	\$ 1,150,590	\$ 1,282,886	\$ 3,944,488
Taxes receivable	423,490	-	9,765	433,255
Accounts receivable	54,884	-	36,488	91,372
Due from other funds	279,955	-	92,781	372,736
Due from other governments	71,000	94,666	232,639	398,305
Prepaid items	277,273	-	-	277,273
Advances to other funds	666,206	-	-	666,206
Total assets	<u>\$ 3,283,820</u>	<u>\$ 1,245,256</u>	<u>\$ 1,654,559</u>	<u>\$ 6,183,635</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and retainage payable	\$ 251,165	\$ -	\$ 133,711	\$ 384,876
Accrued expenses	194,380	-	-	194,380
Due to other funds	92,781	-	253,407	346,188
Due to other governments	-	39,645	-	39,645
Total liabilities	<u>538,326</u>	<u>39,645</u>	<u>387,118</u>	<u>965,089</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property taxes	394,860	-	-	394,860
Total deferred inflow of resources	<u>394,860</u>	<u>-</u>	<u>-</u>	<u>394,860</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	277,273	-	-	277,273
Advances to other funds	666,206	-	-	666,206
Restricted for:				
Judicial	-	-	435,488	435,488
Public safety	-	-	836,486	836,486
Economic development	-	-	62,646	62,646
Capital outlay	-	1,205,611	121,376	1,326,987
Tourism	-	-	61,745	61,745
Committed to:				
Capital outlay	-	-	8,911	8,911
Public safety	-	-	36,165	36,165
Unassigned (deficit)	1,407,155	-	(295,376)	1,111,779
Total fund balances	<u>2,350,634</u>	<u>1,205,611</u>	<u>1,267,441</u>	<u>4,823,686</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 3,283,820</u>	<u>\$ 1,245,256</u>	<u>\$ 1,654,559</u>	
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.				15,777,255
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				394,860
Deferred outflows of resources are not available to pay for current resources and, therefore, are not reported in the funds. These items consist of the net difference between projected and actual earnings on pension plan investments, differences between expected and actual experience of economic/demographic (gains)/losses, and employer contributions subsequent to the measurement date.				342,708
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(439,672)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.				(992,204)
Net position of governmental activities				<u>\$ 19,906,633</u>

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General	Sales Tax 2010	Other Governmental Funds	Total
<b>Revenues:</b>				
Property taxes	\$ 5,149,703	\$ -	\$ -	\$ 5,149,703
Sales taxes	944,735	1,259,643	-	2,204,378
Business taxes	647,972	-	-	647,972
Other taxes	574,672	-	191,299	765,971
Licenses and permits	99,192	-	-	99,192
Intergovernmental	1,269,457	-	1,327,320	2,596,777
Charges for services	730,140	-	229,046	959,186
Fines and forfeitures	1,736,966	-	698,641	2,435,607
Interest	2,349	768	1,658	4,775
Other revenues	44,854	-	509	45,363
Total revenues	11,200,040	1,260,411	2,448,473	14,908,924
<b>Expenditures:</b>				
Current:				
General government	2,218,727	-	-	2,218,727
Judicial	1,228,581	-	101,030	1,329,611
Public safety	6,507,590	-	1,194,550	7,702,140
Public works	1,221,041	-	-	1,221,041
Health and welfare	153,202	-	-	153,202
Culture and recreation	405,711	-	857,371	1,263,082
Housing and development	709,860	-	112,743	822,603
Intergovernmental	-	251,933	-	251,933
Capital outlay	-	627,231	493,185	1,120,416
Debt service:				
Principal	-	92,849	20,350	113,199
Interest	-	4,521	3,604	8,125
Total expenditures	12,444,712	976,534	2,782,833	16,204,079
Excess (deficiency) of revenues over (under) expenditures	(1,244,672)	283,877	(334,360)	(1,295,155)
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	11,500	-	-	11,500
Capital leases	-	261,182	-	261,182
Transfers in	147,148	-	-	147,148
Transfers out	-	-	(147,148)	(147,148)
Total other financing sources (uses)	158,648	261,182	(147,148)	272,682
Net change in fund balances	(1,086,024)	545,059	(481,508)	(1,022,473)
<b>Fund balances, beginning of year</b>	3,436,658	660,552	1,748,949	5,846,159
<b>Fund balances, end of year</b>	\$ 2,350,634	\$ 1,205,611	\$ 1,267,441	\$ 4,823,686

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, 2015

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

Net change in fund balances - total governmental funds.	\$ (1,022,473)
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.	614,293
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net position.	(677,664)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues changed during the year by this amount.	(10,006)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net of those transactions.	(147,983)
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.	<u>157,359</u>
	<u>\$ (1,086,474)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 5,189,001	\$ 5,189,001	\$ 5,149,703	\$ (39,298)
Sales taxes	900,000	900,000	944,735	44,735
Business taxes	621,929	621,929	647,972	26,043
Other taxes	546,028	546,028	574,672	28,644
Licenses and permits	94,484	94,484	99,192	4,708
Intergovernmental	583,806	1,224,670	1,269,457	44,787
Charges for services	884,059	884,059	730,140	(153,919)
Fines and forfeitures	2,339,294	2,339,294	1,736,966	(602,328)
Interest income	2,175	2,175	2,349	174
Other revenues	43,480	43,480	44,854	1,374
Total revenues	11,204,256	11,845,120	11,200,040	(645,080)
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Elections	212,577	212,577	173,050	39,527
Financial administration	724,438	804,459	778,786	25,673
Tax commissioner	359,713	389,713	377,242	12,471
Tax assessor	638,146	638,146	622,798	15,348
General government buildings and plant	216,463	216,463	257,321	(40,858)
Board of equalization	31,583	31,583	9,530	22,053
Total general government	2,182,920	2,292,941	2,218,727	74,214
Judicial:				
Superior court	440,254	470,254	456,127	14,127
State court	492,141	492,141	450,874	41,267
Probate-magistrate court	316,696	326,696	321,580	5,116
Total judicial	1,249,091	1,289,091	1,228,581	60,510
Public safety:				
Sheriff	3,168,877	3,238,877	3,371,934	(133,057)
Jail operations	1,733,150	1,733,150	1,639,054	94,096
Fire	172,428	172,428	167,884	4,544
Ambulance services	899,657	899,657	894,971	4,686
Coroner	20,218	20,218	18,588	1,630
Emergency management	190,482	190,482	185,242	5,240
Animal shelter	233,326	233,326	229,917	3,409
Total public safety	6,418,138	6,488,138	6,507,590	(19,452)
Public works:				
Roads and bridges	1,263,011	1,278,011	1,209,041	68,970
Water	30,000	30,000	12,000	18,000
Total public works	1,293,011	1,308,011	1,221,041	86,970

(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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
<b>Current:</b>				
Health and welfare:				
Health	\$ 52,080	\$ 52,080	\$ 52,080	\$ -
Mosquito Control	24,500	24,500	14,861	9,639
Welfare	27,252	27,252	27,252	-
Family connections	50,300	61,371	59,009	2,362
Total health and welfare	154,132	165,203	153,202	12,001
Culture and recreation:				
Leisure services	345,053	345,053	347,711	(2,658)
Library	58,000	58,000	58,000	-
Total culture and recreation	403,053	403,053	405,711	(2,658)
Housing and development:				
County extension	77,898	77,898	60,781	17,117
Protective inspection	204,041	214,041	205,315	8,726
Economic opportunity	38,028	422,800	443,764	(20,964)
Total housing and development	319,967	714,739	709,860	4,879
Total expenditures	12,020,312	12,661,176	12,444,712	216,464
Deficiency of revenues over expenditures	(816,056)	(816,056)	(1,244,672)	(428,616)
<b>Other financing sources:</b>				
Proceeds from sale of assets	2,500	2,500	11,500	9,000
Transfers in	120,000	120,000	147,148	27,148
Total other financing sources	122,500	122,500	158,648	36,148
Net change in fund balances	(693,556)	(693,556)	(1,086,024)	(392,468)
<b>Fund balance, beginning of year</b>	3,436,658	3,436,658	3,436,658	-
<b>Fund balance, end of year</b>	\$ 2,743,102	\$ 2,743,102	\$ 2,350,634	\$ (392,468)

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2015

ASSETS	Water Fund	Solid Waste Fund	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 480,333	\$ 415,118	\$ 895,451
Accounts receivable, net of allowances	88,908	94,835	183,743
Due from other funds	2,250	-	2,250
Total current assets	571,491	509,953	1,081,444
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Nondepreciable	8,099,219	124,690	8,223,909
Depreciable, net of accumulated depreciation	2,912,604	823,099	3,735,703
Total noncurrent assets	11,011,823	947,789	11,959,612
Total assets	11,583,314	1,457,742	13,041,056
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Net difference between projected and actual earnings on pension plan investments	76	471	547
Differences between expected and actual experience of economic/demographic (gains)/losses	146	897	1,043
Employer contributions subsequent to the measurement date	1,872	11,520	13,392
Total deferred outflows of resources	2,094	12,888	14,982
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	7,438	33,053	40,491
Accrued expenses	15,612	-	15,612
Due to other funds	28,798	-	28,798
Customer deposits	20,568	-	20,568
Current portion - compensated absences	2,355	4,435	6,790
Current portion - bond payable	87,295	-	87,295
Total current liabilities	162,066	37,488	199,554
<b>LONG-TERM LIABILITIES</b>			
Advance from other funds	-	666,206	666,206
Compensated absences, net of current portion	589	1,109	1,698
Accrued landfill closure/postclosure care costs	-	1,494,259	1,494,259
Bond payable, net of current portion	6,519,577	-	6,519,577
Net pension liability	6,063	37,313	43,376
Total long-term liabilities	6,526,229	2,198,887	8,725,116
Total liabilities	6,688,295	2,236,375	8,924,670
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	4,404,951	947,789	5,352,740
Restricted for:			
Debt service	149,236	-	149,236
Unrestricted (deficit)	342,926	(1,713,534)	(1,370,608)
Total net position	\$ 4,897,113	\$ (765,745)	\$ 4,131,368

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, 2015

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 670,653	\$ 1,185,602	\$ 1,856,255
Miscellaneous	12,356	-	12,356
Total operating revenues	<u>683,009</u>	<u>1,185,602</u>	<u>1,868,611</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	156,696	200,926	357,622
Cost of sales and services	83,323	975,942	1,059,265
Supplies	66,833	45,959	112,792
Depreciation	103,943	139,393	243,336
Total operating expenses	<u>410,795</u>	<u>1,362,220</u>	<u>1,773,015</u>
Operating income (loss)	<u>272,214</u>	<u>(176,618)</u>	<u>95,596</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Interest income	430	608	1,038
Interest expense	(249,274)	-	(249,274)
Total nonoperating income (expenses)	<u>(248,844)</u>	<u>608</u>	<u>(248,236)</u>
Income (loss) before capital contributions	23,370	(176,010)	(152,640)
<b>CAPITAL CONTRIBUTIONS</b>			
Other capital contributions	400,843	276,821	677,664
Total capital contributions	<u>400,843</u>	<u>276,821</u>	<u>677,664</u>
Change in net position	424,213	100,811	525,024
<b>NET POSITION, beginning of year, as restated</b>	<u>4,472,900</u>	<u>(866,556)</u>	<u>3,606,344</u>
<b>NET POSITION, end of year</b>	<u>\$ 4,897,113</u>	<u>\$ (765,745)</u>	<u>\$ 4,131,368</u>

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, 2015**

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 686,064	\$ 1,187,296	\$ 1,873,360
Payments to suppliers	(128,574)	(1,046,830)	(1,175,404)
Payments to employees	(157,971)	(201,891)	(359,862)
Net cash provided by (used in) operating activities	<u>399,519</u>	<u>(61,425)</u>	<u>338,094</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(25,501)	(25,501)
Principal payments on bonds payable	(84,750)	-	(84,750)
Interest paid	(249,474)	-	(249,474)
Net cash used in capital and related financing activities	<u>(334,224)</u>	<u>(25,501)</u>	<u>(359,725)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	430	608	1,038
Net cash provided by investing activities	<u>430</u>	<u>608</u>	<u>1,038</u>
Net increase (decrease) in cash and cash equivalents	65,725	(86,318)	(20,593)
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>414,608</u>	<u>501,436</u>	<u>916,044</u>
End of year	<u>\$ 480,333</u>	<u>\$ 415,118</u>	<u>\$ 895,451</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 272,214	\$ (176,618)	\$ 95,596
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	103,943	139,393	243,336
Change in assets and liabilities:			
Decrease in accounts receivable	3,055	1,694	4,749
Increase in deferred outflows of resources	(322)	(1,986)	(2,308)
(Increase) decrease in accounts payable	7,438	(97,745)	(90,307)
Increase in due to other funds	7,396	-	7,396
Increase in customer deposits	6,748	-	6,748
Decrease in advance from other funds	-	(8,478)	(8,478)
Increase (decrease) in compensated absences	(804)	1,935	1,131
Decrease in net pension liability	(149)	(914)	(1,063)
Increase in landfill closure and postclosure costs	-	81,294	81,294
Net cash provided by (used in) operating activities	<u>\$ 399,519</u>	<u>\$ (61,425)</u>	<u>\$ 338,094</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from governmental activities	<u>\$ 400,843</u>	<u>\$ 276,821</u>	<u>\$ 677,664</u>

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

SEPTEMBER 30, 2015

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash	\$ 903,895
Taxes receivable	977,870
Total assets	<u>\$ 1,881,765</u>
<b>LIABILITIES</b>	
Due to others	\$ 903,895
Uncollected taxes	977,870
Total liabilities	<u>\$ 1,881,765</u>

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

# MCINTOSH COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2015.



## NOTES TO FINANCIAL STATEMENTS

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### 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
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#### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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 has three items related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources.

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the McIntosh County, Georgia Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. 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.
- **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.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Fund Equity (Continued)

**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.

#### M. 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 \$439,672 difference are as follows:

Accrued interest payable	\$ (3,426)
Capital lease payable	(315,915)
Compensated absences	<u>(120,331)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (439,672)</u></u>

#### 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 \$614,293 difference are as follows:

Capital outlay	\$ 2,222,307
Depreciation expense	<u>(1,608,014)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 614,293</u></u>

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial recourses to governmental funds, while the repayment of the principal of long-term debt consumes the current financial recourses of governmental funds. Neither transaction, however, has any effect on net position. This amount is the payments made on notes payable and capital leases." The details of this \$147,983 difference are as follows:

Issuance of capital leases	\$ (261,182)
Principal payments - notes payable	113,199
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>113,199</u>
	<u>\$ (147,983)</u>

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 \$157,359 difference are as follows:

Accrued interest	\$ (1,641)
Compensated absences	81,874
Change in net pension liability and related deferred outflows of resources	<u>77,126</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>157,359</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2014 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

#### C. Excess Expenditures Over Appropriations

For the fiscal year ended September 30, 2015, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

	<u>Excess</u>
General government buildings and plant	\$ 40,858
Sheriff	133,057
Leisure services	2,658
Economic opportunity	20,964

### NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2015 are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	<u>\$ 4,839,939</u>
Cash deposited with financial institutions	<u>\$ 4,839,939</u>

**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.



## NOTES TO FINANCIAL STATEMENTS

### 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, 2015, 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, 2015 for the County's individual major funds and nonmajor funds in the aggregate:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 632,075	\$ 9,765	\$ -	\$ -	\$ 641,840
Accounts	54,884	36,488	129,911	123,706	344,989
Gross receivables	<u>686,959</u>	<u>46,253</u>	<u>129,911</u>	<u>123,706</u>	<u>986,829</u>
Less allowance for uncollectibles	(208,585)	-	(41,003)	(28,871)	(278,459)
Net total receivable	<u>\$ 478,374</u>	<u>\$ 46,253</u>	<u>\$ 88,908</u>	<u>\$ 94,835</u>	<u>\$ 708,370</u>

Property taxes attached as an enforceable lien on property as of January 1, 2014. Property taxes were levied on August 26, 2014, and payable on or before January 12, 2015. The County bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2015, and collected by November 30, 2015, are recognized as revenues in the year ended September 30, 2015. Net receivables estimated to be collected subsequent to November 30, 2015, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

The County's capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 465,082	\$ 117,490	\$ -	\$ (117,490)	\$ 465,082
Construction in progress	99,322	1,240,660	-	(400,843)	939,139
Total capital assets, not being depreciated	<u>564,404</u>	<u>1,358,150</u>	<u>-</u>	<u>(518,333)</u>	<u>1,404,221</u>
Capital assets, being depreciated:					
Buildings	10,851,620	6,035	-	-	10,857,655
Machinery and equipment	7,106,331	511,868	(77,000)	(159,331)	7,381,868
Infrastructure	30,759,364	346,254	-	-	31,105,618
Total capital assets, being depreciated	<u>48,717,315</u>	<u>864,157</u>	<u>(77,000)</u>	<u>(159,331)</u>	<u>49,345,141</u>
Less accumulated depreciation for:					
Buildings	(2,896,505)	(273,592)	-	-	(3,170,097)
Machinery and equipment	(4,174,871)	(524,207)	77,000	-	(4,622,078)
Infrastructure	(26,369,717)	(810,215)	-	-	(27,179,932)
Total accumulated depreciation	<u>(33,441,093)</u>	<u>(1,608,014)</u>	<u>77,000</u>	<u>-</u>	<u>(34,972,107)</u>
Total capital assets, being depreciated, net	<u>15,276,222</u>	<u>(743,857)</u>	<u>-</u>	<u>(159,331)</u>	<u>14,373,034</u>
Governmental activities capital assets, net	<u>\$ 15,840,626</u>	<u>\$ 614,293</u>	<u>\$ -</u>	<u>\$ (677,664)</u>	<u>\$ 15,777,255</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 97,303	\$ -	\$ -	\$ 117,490	\$ 214,793
Construction in progress	7,608,273	-	-	400,843	8,009,116
Total capital assets, not being depreciated	<u>7,705,576</u>	<u>-</u>	<u>-</u>	<u>518,333</u>	<u>8,223,909</u>
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	1,138,978	25,501	-	159,331	1,323,810
Water system	4,261,966	-	-	-	4,261,966
Landfill	757,304	-	-	-	757,304
Total	<u>6,332,707</u>	<u>25,501</u>	<u>-</u>	<u>159,331</u>	<u>6,517,539</u>
Less accumulated depreciation for:					
Building and improvements	(48,995)	(8,323)	-	-	(57,318)
Machinery and equipment	(583,252)	(109,070)	-	-	(692,322)
Water system	(1,329,049)	(90,651)	-	-	(1,419,700)
Landfill	(577,204)	(35,292)	-	-	(612,496)
Total	<u>(2,538,500)</u>	<u>(243,336)</u>	<u>-</u>	<u>-</u>	<u>(2,781,836)</u>
Total capital assets, being depreciated, net	<u>3,794,207</u>	<u>(217,835)</u>	<u>-</u>	<u>159,331</u>	<u>3,735,703</u>
Business-type activities capital assets, net	<u>\$ 11,499,783</u>	<u>\$ (217,835)</u>	<u>\$ -</u>	<u>\$ 677,664</u>	<u>\$ 11,959,612</u>

## NOTES TO FINANCIAL STATEMENTS

### 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	\$	34,292
Judicial		2,301
Public safety		598,624
Public works		889,565
Health and welfare		11,530
Culture and recreation		71,702
Total depreciation expense - governmental activities	<u>\$</u>	<u>1,608,014</u>
Business-type activities		
Water Fund	\$	103,943
Solid Waste Fund		139,393
Total depreciation expense - business-type activities	<u>\$</u>	<u>243,336</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 20,517	\$ -	\$ -	\$ 20,517
Total	<u>20,517</u>	<u>-</u>	<u>-</u>	<u>20,517</u>
Less accumulated depreciation for:				
Machinery and equipment	(19,631)	(221)	-	(19,852)
Total	<u>(19,631)</u>	<u>(221)</u>	<u>-</u>	<u>(19,852)</u>
Total capital assets, being depreciated, net	<u>886</u>	<u>(221)</u>	<u>-</u>	<u>665</u>
Board of Health capital assets, net	<u>\$ 886</u>	<u>\$ (221)</u>	<u>\$ -</u>	<u>\$ 665</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases payable	\$ 167,932	\$ 261,182	\$ (113,199)	\$ 315,915	\$ 110,190
Compensated absences	202,205	79,890	(161,764)	120,331	96,265
Net pension liability	1,016,527	312,071	(336,394)	992,204	-
Governmental activities long-term liabilities	<u>\$ 1,386,664</u>	<u>\$ 653,143</u>	<u>\$ (611,357)</u>	<u>\$ 1,428,450</u>	<u>\$ 206,455</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 6,691,622	\$ -	\$ (84,750)	\$ 6,606,872	\$ 87,295
Compensated absences	7,357	7,016	(5,885)	8,488	6,790
Closure and postclosure care	1,412,965	81,294	-	1,494,259	-
Net pension liability	44,439	198,221	(199,284)	43,376	-
Business-type activities long-term liabilities	<u>\$ 8,156,383</u>	<u>\$ 286,531</u>	<u>\$ (289,919)</u>	<u>\$ 8,152,995</u>	<u>\$ 94,085</u>
<b>Component unit -</b>					
<b>McIntosh County Board of Health:</b>					
Compensated absences	\$ 25,156	\$ 3,514	\$ -	\$ 28,670	\$ 5,734
McIntosh County Board of Health long-term liabilities	<u>\$ 25,156</u>	<u>\$ 3,514</u>	<u>\$ -</u>	<u>\$ 28,670</u>	<u>\$ 5,734</u>

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 inception.

The following is an analysis of leased assets under capital leases as of September 30, 2015:

	<u>Governmental Activities</u>
Equipment	\$ 550,568
Less: Accumulated depreciation	(189,282)
	<u>\$ 361,286</u>

The County recorded \$44,999 in depreciation expense on capital leases during the year ended September 30, 2015.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2015:

	<b>Governmental Activities</b>
Fiscal year ending September 30,	
2016	\$ 121,324
2017	121,324
2018	73,590
2019	22,248
Total minimum lease payments	338,486
Less amount representing interest	22,571
Present value of future minimum lease payments	\$ 315,915

**Revenue Bonds Payable.** During the fiscal year ended September 30, 2012, the County issued \$6,760,000 in 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:

<b>Fiscal Year Payable</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
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	334,224	101,520	232,704
2021 - 2025	1,671,120	571,614	1,099,506
2026 - 2030	1,671,120	689,330	981,790
2031 - 2035	1,671,120	831,295	839,825
2036 - 2040	1,671,120	1,002,171	668,949
2041 - 2045	1,671,120	1,209,065	462,055
2046 - 2050	1,671,120	1,458,097	213,023
2051 - 2052	380,531	371,959	8,572
	\$ 12,078,371	\$ 6,606,872	\$ 5,471,499

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$1,494,259 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 \$2,028,419 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 251,157
General Fund	Water Fund	28,798
Nonmajor Governmental Funds	General Fund	92,781
Water Fund	Nonmajor Governmental Funds	2,250
		\$ 374,986

**Advances to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 666,206

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 To	Transfer From	
	Nonmajor Governmental Funds	Total
General Fund	\$ 147,148	\$ 147,148
Total	\$ 147,148	\$ 147,148

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. DEFINED BENEFIT PENSION PLAN

#### A. Primary Government

##### Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The McIntosh County Defined Benefit Plan (the Plan), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the 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. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at [www.gebcorp.com](http://www.gebcorp.com) or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

##### Plan Membership

As of January 1, 2015, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not receiving benefits	77
Active plan members	110
	<hr/>
	224
	<hr/> <hr/>



## NOTES TO FINANCIAL STATEMENTS

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

#### A. Primary Government (Continued)

##### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended September 30, 2015, the County's contribution rate was 7.8% of annual payroll. County contributions to the Plan were \$319,724 for the year ended September 30, 2015.

##### Net Pension Liability of the County

Effective October 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

*Actuarial Assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.5% - 5.5%, including inflation
Investment rate of return	7.5 %, net of pension plan investment expense, including inflation

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Primary Government (Continued)

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study through December 31, 2013.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return *
Fixed income	30 %	6.78 %
Large Cap equity	30	9.77
International equity	15	7.48
Other equity	20	9.23
Real estate	5	10.63
	100 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Primary Government (Continued)

*Changes in the Net Pension Liability of the County.* The changes in the components of the net pension liability of the County for the year ended September 30, 2015, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at September 30, 2014	\$ 4,079,932	\$ 3,018,966	\$ 1,060,966
Changes for the year:			
Service cost	145,049	-	145,049
Interest	301,692	-	301,692
Contributions - employer	-	319,724	(319,724)
Net investment income	-	215,954	(215,954)
Benefit payments, including refunds of employee contributions	(114,747)	(114,747)	-
Administrative expense	-	(22,549)	22,549
Other charges	-	(41,002)	41,002
Net changes	<u>331,994</u>	<u>357,380</u>	<u>(25,386)</u>
Balances at September 30, 2015	<u>\$ 4,411,926</u>	<u>\$ 3,376,346</u>	<u>\$ 1,035,580</u>

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
County's net pension liability	\$ 1,629,461	\$ 1,035,580	\$ 541,248

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Primary Government (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee

#### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of \$287,502. At September 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 13,062
Differences between expected and actual experience of economic/demographic (gains)/losses	24,904
Employer contributions subsequent to the measurement date	319,724
	<u>\$ 357,690</u>

County contributions subsequent to the measurement date of \$319,724 are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2016	\$	9,492
2017		9,492
2018		9,492
2019		9,490
Total	\$	<u>37,966</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Discretely Presented Component Unit – McIntosh County Board of Health

##### Plan Description

The Employees' Retirement System (ERS) was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. It is a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. ERS is directed by the Board of Trustees. Title 47 of the O.C.G.A assigns the authority to establish and amend the benefit provisions to the State Legislature.

##### Benefits Provided

The ERS Plan supports three benefits tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS member hired prior to January 1, 2009 also have the option to irrevocably change their memberships to GSEPS.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for member under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to member's benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

## NOTES TO FINANCIAL STATEMENTS

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

#### B. Discretely Presented Component Unit – McIntosh County Board of Health (Continued)

##### Contributions

Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for the Old and New Plan members and 18.87% for GSEPS members. The Board of Health's contributions to ERS totaled \$38,826 for the year ended June 30, 2015 and \$32,201 for the measurement period ended June 30, 2014. Contributions are expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Board of Health reported a liability of \$290,673 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The Board of Health's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Employer's proportion was 0.007445%, which was a decrease of 0.000305% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Board of Health recognized pension expense of \$23,429. At June 30, 2015, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 70,916
Changes in proportion and differences between Employers contributions and proportionate share of contributions	9,085	-
Employer contributions subsequent to the measurement date	38,826	-
	\$ 47,911	\$ 70,916

## NOTES TO FINANCIAL STATEMENTS

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

#### B. Discretely Presented Component Unit – McIntosh County Board of Health (Continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Board of Health contributions subsequent to the measurement date of \$38,826 are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (12,051)
2017	(14,322)
2018	(17,729)
2019	(17,729)
Total	<u>\$ (61,831)</u>

#### Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	5.45-9.25%, including inflation
Investment rate of return	7.50%, net pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active services, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004-June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## NOTES TO FINANCIAL STATEMENTS

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

#### B. Discretely Presented Component Unit – McIntosh County Board of Health (Continued)

##### Actuarial Assumptions (Continued)

Asset class	Target Allocation	Long-term expected real rate of return *
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount rate.* The discount rate used to measure the collective total liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Base on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' proportionate share of net pension liability	\$ 423,689	\$ 290,673	\$ 177,230

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement Systems of Georgia Financial Report which is publically available at [www.ersga.com](http://www.ersga.com).



## NOTES TO FINANCIAL STATEMENTS

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### 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, 2015, employees contributed \$32,080 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, 2015, 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

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

#### **Grant Contingencies**

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

### **NOTE 13. RELATED ORGANIZATIONS**

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

### **NOTE 14. JOINT VENTURE**

Under Georgia law, the County, in conjunction with other cities and counties in the nine-county coastal Georgia region, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended September 30, 2015, 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, 2015, were \$191,299. Of this amount, \$112,743, or 61% of the amount collected was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 16. DEFICIT FUND BALANCE / NET POSITION

The Grant Fund reported a deficit fund balance of \$203,072, the USDA Construction Fund reported a deficit fund balance of \$92,304, and the Solid Waste Fund reported a deficit net position of \$765,745 at September 30, 2015. The Grant Fund and USDA Construction 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.

### NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

#### A. Primary Government

The County has determined that restatements to the October 1, 2014 beginning net position of the County's governmental activities and business-type activities are required to recognize the change in accounting principle for implementation of Governmental Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified.

This adjustment resulted in a change to the beginning net position of the County's governmental activities and business-type activities as follows:

Governmental activities net position, as previously reported	\$ 21,755,606
Adjustment needed to properly remove net pension asset	(35,877)
Adjustment needed to properly report net pension liability	(1,016,527)
Adjustment needed to properly report the County's contributions as deferred outflows of resources	289,905
Governmental activities net position, as restated for the fiscal year ended September 30, 2014	\$ 20,993,107
Business-type activities net position, as previously reported	\$ 3,638,109
Adjustment needed to properly report net pension liability	(44,439)
Adjustment needed to properly report the County's contributions as deferred outflows of resources	12,674
Business-type activities net position, as restated for the fiscal year ended September 30, 2014	\$ 3,606,344

## NOTES TO FINANCIAL STATEMENTS

### NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

#### A. Primary Government (Continued)

Additionally, this adjustment resulted in a change to the beginning net position of the County's proprietary funds as follows:

	Water Fund	Solid Waste Fund
Net position, as previously reported	\$ 4,477,340	\$ (839,231)
Adjustment needed to properly report net pension liability	(6,212)	(38,227)
Adjustment needed to properly report the County's contributions as deferred outflows of resources	1,772	10,902
Net position, as restated	\$ 4,472,900	\$ (866,556)

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

In conjunction with the implementation of GASB Statement No. 68, the following restatement was required to the beginning net position of the governmental activities of the Board of Health to properly recognize pension related items in the periods in which they were incurred:

Governmental activities net position, as previously reported	\$	98,469
Adjustment needed to properly report net pension liability		(361,276)
Adjustment needed to properly report the County's contributions as deferred outflows of resources		32,201
Governmental activities net position, as restated for the fiscal year ended June 30, 2014	\$	(230,606)

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 145,049
Interest on total pension liability	305,995
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(119,050)
<b>Net change in total pension liability</b>	331,994
<b>Total pension liability - beginning</b>	4,079,932
<b>Total pension liability - ending (a)</b>	\$ 4,411,926
 <b>Plan fiduciary net position</b>	
Contributions - employer	319,724
Net investment income	215,954
Benefit payments, including refunds of employee contributions	(114,747)
Administrative expenses	(22,549)
Other	(41,002)
<b>Net change in plan fiduciary net position</b>	357,380
<b>Plan fiduciary net position - beginning</b>	3,018,966
<b>Plan fiduciary net position - ending (b)</b>	\$ 3,376,346
 <b>County's net pension liability - ending (a) - (b)</b>	\$ 1,035,580
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	76.5%
 <b>Covered-employee payroll</b>	4,121,892
 <b>County's net pension liability as a percentage of covered-employee payroll</b>	25.1%

**Notes to the Schedule**

The schedule will present 10 years of information once it is accumulated.

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF COUNTY CONTRIBUTIONS

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution	\$ 319,724	\$ 292,688	\$ 232,725	\$ 227,163	\$ 193,036
Contributions in relation to the actuarially determined contribution	319,724	302,579	243,086	239,442	204,250
Contribution deficiency (excess)	\$ -	\$ (9,891)	\$ (10,361)	\$ (12,279)	\$ (11,214)
Covered-employee payroll	4,121,892	3,555,589	3,027,859	2,734,103	2,372,495
Contributions as a percentage of covered -employee payroll	7.8%	8.5%	8.0%	8.8%	8.6%
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Actuarially determined contribution	\$ 177,153	\$ 129,348	\$ 96,538	\$ 99,841	\$ 99,082
Contributions in relation to the actuarially determined contribution	147,365	131,833	97,718	103,413	105,626
Contribution deficiency (excess)	\$ 29,788	\$ (2,485)	\$ (1,180)	\$ (3,572)	\$ (6,544)
Covered-employee payroll	2,160,722	1,946,372	1,442,237	1,520,077	1,607,064
Contributions as a percentage of covered -employee payroll	6.8%	6.8%	6.8%	6.8%	6.6%

**Notes to the Schedule**

Valuation date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	3.5% - 5.5% (including 3% for inflation)
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

## REQUIRED SUPPLEMENTARY INFORMATION

### COMPONENT UNIT – MCINTOSH COUNTY BOARD OF HEALTH SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY EMPLOYEES’ RETIREMENT SYSTEM

	<b>2015</b>
Employer’s proportion of the net pension liability	0.00775%
Employer’s proportionate share of the net pension liability	\$ 290,673
Employer’s covered-employee payroll	\$ 183,799
Employer’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	158.15%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.*

### SCHEDULE OF CONTRIBUTIONS EMPLOYEES’ RETIREMENT SYSTEM

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 38,826	\$ 32,201
Contributions in relation to the contractually required contribution	38,826	32,201
Contribution deficiency (excess)	\$ -	\$ -
Employer’s covered-employee payroll	\$ 184,736	\$ 183,799
Contributions as a percentage of covered-employee payroll	21.02%	17.52%

#### Notes to the Schedule of Employer Contributions

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.75%-4.625% for FY2012-2013, 5.45%-9.25% for FY2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

# 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, 2015

ASSETS	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Cash and cash equivalents	\$ 146,377	\$ 74,448	\$ 109,822	\$ 74,268	\$ 291,395	\$ 36,165	\$ 346,655
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	36,488
Due from other funds	-	-	31,890	-	-	-	-
Due from other governments	-	-	-	32	8,721	-	211,192
Total assets	<u>\$ 146,377</u>	<u>\$ 74,448</u>	<u>\$ 141,712</u>	<u>\$ 74,300</u>	<u>\$ 300,116</u>	<u>\$ 36,165</u>	<u>\$ 594,335</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts and retainage payable	\$ -	\$ -	\$ 10,116	\$ 2,500	\$ -	\$ -	\$ 11,307
Due to other funds	11,005	-	-	5,994	-	-	18,392
Total liabilities	<u>11,005</u>	<u>-</u>	<u>10,116</u>	<u>8,494</u>	<u>-</u>	<u>-</u>	<u>29,699</u>
<b>FUND BALANCES</b>							
Restricted for:							
Judicial	135,372	-	-	-	300,116	-	-
Public safety	-	74,448	131,596	65,806	-	-	564,636
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-
Committed to:							
Capital outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	36,165	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>135,372</u>	<u>74,448</u>	<u>131,596</u>	<u>65,806</u>	<u>300,116</u>	<u>36,165</u>	<u>564,636</u>
Total liabilities and fund balances	<u>\$ 146,377</u>	<u>\$ 74,448</u>	<u>\$ 141,712</u>	<u>\$ 74,300</u>	<u>\$ 300,116</u>	<u>\$ 36,165</u>	<u>\$ 594,335</u>

Grant	Hotel/ Motel Tax	Revolving Loan	Capital Projects Funds			Total Nonmajor Governmental Funds
			Sales Tax	USDA Construction	CDBG Water System	
\$ -	\$ -	\$ 62,646	\$ 139,394	\$ 1,716	\$ -	\$ 1,282,886
-	9,765	-	-	-	-	9,765
-	-	-	-	-	-	36,488
-	51,980	-	-	-	8,911	92,781
12,694	-	-	-	-	-	232,639
<u>\$ 12,694</u>	<u>\$ 61,745</u>	<u>\$ 62,646</u>	<u>\$ 139,394</u>	<u>\$ 1,716</u>	<u>\$ 8,911</u>	<u>\$ 1,654,559</u>
\$ -	\$ -	\$ -	\$ 15,768	\$ 94,020	\$ -	\$ 133,711
215,766	-	-	2,250	-	-	253,407
<u>215,766</u>	<u>-</u>	<u>-</u>	<u>18,018</u>	<u>94,020</u>	<u>-</u>	<u>387,118</u>
-	-	-	-	-	-	435,488
-	-	-	-	-	-	836,486
-	-	62,646	-	-	-	62,646
-	-	-	121,376	-	-	121,376
-	61,745	-	-	-	-	61,745
-	-	-	-	-	8,911	8,911
-	-	-	-	-	-	36,165
(203,072)	-	-	-	(92,304)	-	(295,376)
<u>(203,072)</u>	<u>61,745</u>	<u>62,646</u>	<u>121,376</u>	<u>(92,304)</u>	<u>8,911</u>	<u>1,267,441</u>
<u>\$ 12,694</u>	<u>\$ 61,745</u>	<u>\$ 62,646</u>	<u>\$ 139,394</u>	<u>\$ 1,716</u>	<u>\$ 8,911</u>	<u>\$ 1,654,559</u>

# MCINTOSH COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	
<b>Revenues:</b>							
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	281,932
Charges for services	-	-	-	-	-	50,511	178,535
Fines and forfeitures	52,184	317,459	163,604	25,274	140,120	-	-
Interest income	338	93	130	74	336	35	390
Other revenues	-	-	-	-	-	-	509
Total revenues	52,522	317,552	163,734	25,348	140,456	50,546	461,366
<b>Expenditures:</b>							
Current							
Judicial	101,030	-	-	-	-	-	-
Public safety	-	305,514	201,724	23,787	37,443	54,835	571,247
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	101,030	305,514	201,724	23,787	37,443	54,835	571,247
Excess (deficiency) of revenues over (under) expenditures	(48,508)	12,038	(37,990)	1,561	103,013	(4,289)	(109,881)
<b>Other financing uses:</b>							
Transfers out	-	-	-	-	(147,148)	-	-
Total other financing uses	-	-	-	-	(147,148)	-	-
Net change in fund balances	(48,508)	12,038	(37,990)	1,561	(44,135)	(4,289)	(109,881)
<b>Fund balances (deficit), beginning of year</b>	183,880	62,410	169,586	64,245	344,251	40,454	674,517
<b>Fund balances (deficit), end of year</b>	\$ 135,372	\$ 74,448	\$ 131,596	\$ 65,806	\$ 300,116	\$ 36,165	\$ 564,636

Grant	Hotel/ Motel Tax	Revolving Loan	Capital Projects Funds			Total Nonmajor Governmental Funds
			Sales Tax	USDA Construction	CDBG Water System	
\$ -	\$ 191,299	\$ -	\$ -	\$ -	\$ -	\$ 191,299
758,205	-	-	-	287,183	-	1,327,320
-	-	-	-	-	-	229,046
-	-	-	-	-	-	698,641
-	-	63	199	-	-	1,658
-	-	-	-	-	-	509
<u>758,205</u>	<u>191,299</u>	<u>63</u>	<u>199</u>	<u>287,183</u>	<u>-</u>	<u>2,448,473</u>
-	-	-	-	-	-	101,030
-	-	-	-	-	-	1,194,550
857,371	-	-	-	-	-	857,371
-	112,743	-	-	-	-	112,743
-	-	-	76,828	416,357	-	493,185
-	-	-	20,350	-	-	20,350
-	-	-	3,604	-	-	3,604
<u>857,371</u>	<u>112,743</u>	<u>-</u>	<u>100,782</u>	<u>416,357</u>	<u>-</u>	<u>2,782,833</u>
<u>(99,166)</u>	<u>78,556</u>	<u>63</u>	<u>(100,583)</u>	<u>(129,174)</u>	<u>-</u>	<u>(334,360)</u>
-	-	-	-	-	-	(147,148)
-	-	-	-	-	-	(147,148)
(99,166)	78,556	63	(100,583)	(129,174)	-	(481,508)
(103,906)	(16,811)	62,583	221,959	36,870	8,911	1,748,949
<u>\$ (203,072)</u>	<u>\$ 61,745</u>	<u>\$ 62,646</u>	<u>\$ 121,376</u>	<u>\$ (92,304)</u>	<u>\$ 8,911</u>	<u>\$ 1,267,441</u>

# MCINTOSH COUNTY, GEORGIA

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b><u>2005 REFERENDUM</u></b>					
Fire Department Improvements	\$ 1,250,000	\$ 1,250,000	\$ 1,467,532	\$ -	\$ 1,467,532
Animal Shelter Improvements	60,000	60,000	51,983	-	51,983
Emergency Medical Improvements	625,000	625,000	569,706	-	569,706
Landfill Improvements	1,050,000	1,050,000	1,118,051	-	1,118,051
Recreational Facilities	1,040,000	1,040,000	568,362	-	568,362
County Roads and Bridges Improvements	2,675,000	2,675,000	2,528,681	-	2,528,681
City of Darien Projects	450,000	450,000	431,049	-	431,049
County Office Equipment Enhancements	115,000	115,000	153,959	61,060	215,019
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	509,485	15,768	525,253
<b>Totals</b>	<b>\$ 8,190,000</b>	<b>\$ 8,190,000</b>	<b>\$ 7,498,808</b>	<b>\$ 76,828</b>	<b>\$ 7,575,636</b>

**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
<b><u>2010 REFERENDUM</u></b>					
Courthouse Improvements	\$ 221,455	\$ 221,455	\$ 221,456	\$ -	\$ 221,456
Animal Shelter Improvements	75,000	75,000	48,290	5,890	54,180
Elections Equipment	15,000	15,000	-	2,041	2,041
Emergency Medical Assistance Equipment	147,000	147,000	231,468	-	231,468
Emergency Medical Service Equipment	617,240	617,240	591,603	-	591,603
Landfill Equipment and Improvements	855,000	855,000	216,136	276,821	492,957
Leisure Services Equipment and Improvements	868,000	868,000	368,411	6,604	375,015
Roads and Bridges Improvements	2,151,305	2,151,305	809,308	299,136	1,108,444
Sheriff's Department Improvements	500,000	500,000	372,313	36,739	409,052
Volunteer Fire Equipment	780,000	780,000	245,368	-	245,368
Chamber of Commerce Projects	710,000	710,000	-	-	-
Development Authority Projects	660,000	660,000	70,110	-	70,110
City of Darien Projects	1,900,000	1,900,000	1,319,118	251,933	1,571,051
<b>Totals</b>	<b>\$ 9,500,000</b>	<b>\$ 9,500,000</b>	<b>\$ 4,493,581</b>	<b>\$ 879,164</b>	<b>\$ 5,372,745</b>

**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 \$97,370.

# 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 ASSETS AND LIABILITES AGENCY FUNDS

SEPTEMBER 30, 2015

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<b>ASSETS</b>	<b>Tax Commissioner</b>	<b>Clerk of Courts</b>	<b>Probate - Magistrate Court</b>	<b>Jail Inmate</b>	<b>Total</b>
Cash	\$ 525,072	\$ 310,631	\$ 65,257	\$ 2,935	\$ 903,895
Taxes receivable	<u>977,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,870</u>
Total assets	<u>\$ 1,502,942</u>	<u>\$ 310,631</u>	<u>\$ 65,257</u>	<u>\$ 2,935</u>	<u>\$ 1,881,765</u>
<b>LIABILITIES</b>					
Due to others	\$ 525,072	\$ 310,631	\$ 65,257	\$ 2,935	\$ 903,895
Uncollected taxes	<u>977,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,870</u>
Total liabilities	<u>\$ 1,502,942</u>	<u>\$ 310,631</u>	<u>\$ 65,257</u>	<u>\$ 2,935</u>	<u>\$ 1,881,765</u>

## **COMPLIANCE SECTION**

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**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***

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

We have audited, in accordance with the 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, 2015, 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 July 26, 2016. 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. As discussed in Note 9 and Note 17, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be significant deficiencies.

#### **Compliance and Other Matters**

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

#### **McIntosh County, Georgia's Responses to Findings**

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

#### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Albany, Georgia  
July 26, 2016



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

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

**Report on Compliance for Each Major Federal Program**

We have audited McIntosh County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of McIntosh County, Georgia's major federal programs for the fiscal year ended September 30, 2015. McIntosh County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of McIntosh County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McIntosh County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of McIntosh County, Georgia's compliance.

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***Opinion on Each Major Federal Program***

In our opinion, McIntosh County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2015.

**Report on Internal Control Over Compliance**

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

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

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

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

*Mauldin & Jenkins, LLC*

Albany, Georgia  
July 26, 2016

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>			
<b>Direct Award</b>			
Recreation Trails Program	20.219	CSTEE-0008-00(177)	\$ 688,300
Total U.S. Department of Transportation			<u>688,300</u>
<b>U.S. Department of Justice</b>			
<b>Passed through Criminal Justice Coordinating Council</b>			
Bulletproof Vest Partnership Program	16.607	B82-8-392	17,480
Crime Victim Assistance	16.575	C13-8-087	<u>33,455</u>
Total U.S. Department of Justice			<u>50,935</u>
<b>U.S. Department of Homeland Security</b>			
<b>Passed through Georgia Emergency Management Agency</b>			
Emergency Management Performance Grant	97.042	OEM14-100	<u>5,500</u>
Total U.S. Department of Homeland Security			<u>5,500</u>
<b>U.S. Department of Agriculture</b>			
<b>Direct Award</b>			
Water and Waste Disposal Systems for Rural Communities	10.760	00-07	<u>287,182</u>
Total U.S. Department of Agriculture			<u>287,182</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,031,917</u></u>

# MCINTOSH COUNTY, GEORGIA

## NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### NOTE 1. BASIS OF PRESENTATION

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

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### **Federal Awards**

Internal Control over major programs:

Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with OMB Circular  
A-133, Section 510(a)?  yes  no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.219	Recreation Trails Program

Dollar threshold used to distinguish between  
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

#### **2015 - 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.

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.

#### **2015 - 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 accounts receivable and amounts due from other governments in the General Fund, Sales Tax 2010 Fund, Water Fund, Solid Waste Fund, and the Nonmajor Funds as of September 30, 2015.

Context: See above condition.



# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### **2015 - 002. Management of Accounts Receivable (Continued)**

Effect: An adjustment to decrease accounts receivable in the amount of \$6,724 and decrease revenues in the same amount was required to be made in the General Fund. An adjustment to decrease due from other governments in the amount of \$8,965 and decrease revenues in the same amount was required to be made in the Sales Tax 2010 Fund. Adjustments to increase accounts receivable in the amount of \$8,238, increase allowance for doubtful accounts by \$11,807, and decrease revenues by \$3,569 were required to be reported in the Water Fund. Adjustments to decrease accounts receivable in the amount of \$12,165, decrease allowance for doubtful accounts by \$5,004, decrease revenues by \$8,148, and decrease expenditures by \$987 were required to be reported in the Solid Waste Fund. An adjustment to increase accounts receivable in the amount of \$994 and increase revenues in the same amount was required to be made 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.

#### **2015 - 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, 2015 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, 2015.

Effect: Adjustments to increase accounts payable in the amount of \$14,254, decrease due from other funds by \$6,780, and increase expenditures by \$21,034 were required to be made in the General Fund. An adjustment to decrease accounts payable by \$6,766 and decrease expenditures in the same amount was required to be made in the Sales Tax 2010 Fund. An adjustment to decrease accounts payable in the amount of \$124,795 and decrease expenses in the same amount was required to be made in the Solid Waste Fund. Adjustments to increase accounts payable in the amount of \$64,810, decrease retainage payable by \$10,036, and increase expenditures by \$54,774 was required to be made in the Nonmajor Funds.

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### **2015 - 003. Management of Accounts Payable (Continued)**

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.

#### **2015 - 004. Fund Balance / Net Position**

Criteria: Internal controls should be in place to ensure that any prior year audit adjustments are properly posted and that fund balance / net position reconciles to the prior year's financial statements such that the financial statements properly represent the financial position of the County's funds in accordance with generally accepted accounting principles (GAAP).

Condition: Internal controls were not sufficient to detect misstatements in the reporting of equity balances of the County's funds as of the beginning of the period under audit.

Context/Cause: During our testing, audit adjustments were required to adjust beginning fund balance / net position of several of the County's funds to agree with the ending equity balances as reported in the prior year financial statements. These adjustments were required as a result of the prior year audit entries being improperly posted which adjusted the fund balance / net position of the funds noted below:

- In the General Fund, an adjustment of approximately \$215,470;
- In the Sales Tax 2010 Fund, an adjustment of approximately \$208,914;
- In the Solid Waste Fund, an adjustment of approximately \$175,857;
- In the Water Fund, an adjustment of approximately \$(91,926);
- In the Nonmajor Funds, an adjustment of approximately \$24,004.

Effect: Total misstatements related to the improper reporting of beginning fund balance / net position for the fiscal year ended September 30, 2015 were \$532,359.

Recommendation: We recommend the County record all audit entries to properly state fund balance / net position as of year end and carefully review all beginning balances of equity in the subsequent year.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all audit adjustment entries to ensure any adjustments to equity balances are proper and in accordance with GAAP.

**MCINTOSH COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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

None reported.

# MCINTOSH COUNTY, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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#### **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, Confiscated Assets, Jail and Jail Commissary Funds.

Auditee Response/Status: Unresolved – See current year financial audit finding 2015-001.

#### **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 fees receivable in the Water Fund as of September 30, 2014.

Auditee Response/Status: Unresolved – See current year financial audit finding 2015-002.

#### **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 Sales Tax 2010 Fund and Solid Waste Fund.

Auditee Response/Status: Unresolved – See current year financial audit finding 2015-003.