

MCINTOSH COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13 and 14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund	18 and 19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Assets and Liabilities – Agency Funds	23
Notes to Financial Statements	24 – 51
Required Supplementary Information:	
Schedule of Changes in the County's Net Pension Liability and Related Ratios.....	52
Schedule of County Contributions.....	53
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	54 and 55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	56 and 57
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	58 – 60
Agency Funds:	
Combining Assets and Liabilities – Agency Funds	61

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	62 and 63
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	64 and 65
Schedule of Expenditures of Federal Awards	66
Notes to the Schedule of Expenditures of Federal Awards	67
Schedule of Findings and Responses	68 and 69
Summary Schedule of Prior Year Findings	70

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **McIntosh County, Georgia** (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise McIntosh County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the McIntosh County Health Department, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McIntosh County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McIntosh County, Georgia as of September 30, 2018, 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.

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 52), and the Schedule of County Contributions (on page 53) 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 accompany schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the County.

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 March 27, 2019, 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 effectiveness of McIntosh County's 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

Macon, Georgia

March 27, 2019

MCINTOSH COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018. 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 2018 is the thirteenth 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 2018 are as follows:

Government-wide Financial Statements:

- At September 30, 2018, McIntosh County's assets exceeded its liabilities by \$25,719,363 (net position).
- The County's \$20,209,651 net investment in capital assets leaves the County with \$5,509,712 in net position of which \$2,825,782 is restricted.
- McIntosh County's total net position decreased from \$26,035,506 in the prior year to \$25,719,363 in the current year, for a total decrease of \$316,143, or 1.2%.
- McIntosh County's revenues for fiscal year 2018 totaled \$18,985,050. Of this amount, 26.4% are property tax revenues, 11.8% are sales tax revenues, 3.0% are other tax revenues, 35.8% are charges for services, 13.3% are grant revenues, and the remaining 9.7% are other revenues. This is a 1.7% increase over fiscal year 2017 revenues.

MCINTOSH COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

- McIntosh County's total program expenses for fiscal year 2018 totaled \$19,301,193. Of this amount, 53% are public safety expenses, 12% are general governmental expenses, 7% are judicial expenses, 9% are public works expenses, 8% are solid waste, and the remaining 11% are other expenses. This is a 7.7% decrease over fiscal year 2017 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of \$9,545,712 for fiscal year ended September 30, 2018. This amount is over the total governmental funds liabilities and deferred inflow of resources by \$8,539,718 (fund balance).
- Total governmental fund's fund balances for fiscal year ended September 30, 2018 decreased by \$5,236 from the previous year. This decrease was a result of a \$337,360 decrease in the General Fund, and a \$332,124 increase in Other Governmental Funds.
- Total governmental fund balance of \$8,539,718 consists of \$991,385 nonspendable, \$2,676,115 restricted, \$128,101 committed, and \$4,744,117 unassigned.
- Due to total revenues for the General Fund being over budget by \$2,972,110, or approximately 26%, total expenditures for the General Fund being over budget by \$2,850,652, or approximately 24%, County experienced a decrease in the fund balance of approximately 2% 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 13, 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, 2018

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 page 17 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 one type of proprietary fund. 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. 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, 2018

- 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, 2018 and 2017.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018		2017		2018	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,182,151	\$ 9,778,228	\$ 31,966	\$ 151,061	\$ 9,214,117	\$ 9,929,289
Capital assets	14,991,987	14,933,007	11,795,112	12,045,741	26,787,099	26,978,748
Total assets	<u>24,174,138</u>	<u>24,711,235</u>	<u>11,827,078</u>	<u>12,196,802</u>	<u>36,001,216</u>	<u>36,908,037</u>
Deferred outflows of resources	311,523	419,512	14,050	20,475	325,573	439,987
Long-term liabilities	1,562,672	1,776,578	8,097,786	8,089,934	9,660,458	9,866,512
Other liabilities	488,536	1,166,893	284,341	279,113	772,877	1,446,006
Total liabilities	<u>2,051,208</u>	<u>2,943,471</u>	<u>8,382,127</u>	<u>8,369,047</u>	<u>10,433,335</u>	<u>11,312,518</u>
Net position:						
Net investment in capital assets	14,748,004	14,563,127	5,461,647	5,617,478	20,209,651	20,180,605
Restricted	2,676,115	2,361,845	149,667	149,518	2,825,782	2,511,363
Unrestricted (deficit)	4,879,125	5,262,304	(2,195,195)	(1,918,766)	2,683,930	3,343,538
Total net position	<u>\$ 22,303,244</u>	<u>\$ 22,187,276</u>	<u>\$ 3,416,119</u>	<u>\$ 3,848,230</u>	<u>\$ 25,719,363</u>	<u>\$ 26,035,506</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 \$25,719,363 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (79%) 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%) represents resources that are subject to external restrictions on how they can be used. The remaining balance of net position (amounting to \$2,683,930) is unrestricted and 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, 2018

The following table summarizes the changes in net position for the primary government for the fiscal years ended September 30, 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,801,376	\$ 4,822,826	\$ 1,999,545	\$ 1,972,203	\$ 6,800,921	\$ 6,795,029
Operating grants	1,039,995	932,401	-	-	1,039,995	932,401
Capital grants	2,568,602	2,535,835	(36,965)	-	2,531,637	2,535,835
General revenues:						
Property taxes	5,002,041	4,983,211	-	-	5,002,041	4,983,211
Sales taxes	2,239,289	2,048,314	-	-	2,239,289	2,048,314
Business taxes	798,246	736,660	-	-	798,246	736,660
Other taxes	559,893	628,992	-	-	559,893	628,992
Unrestricted investment						
earnings	12,296	6,432	732	874	13,028	7,306
Gain of sale of assets	-	6,189	-	-	-	6,189
Total revenues	17,021,738	16,700,860	1,963,312	1,973,077	18,985,050	18,673,937
Program expenses:						
General government	2,287,838	2,337,789	-	-	2,287,838	2,337,789
Judicial	1,400,411	1,422,511	-	-	1,400,411	1,422,511
Public safety	10,217,020	10,538,361	-	-	10,217,020	10,538,361
Public works	1,693,243	2,915,573	-	-	1,693,243	2,915,573
Health and welfare	149,392	173,048	-	-	149,392	173,048
Culture and recreation	664,193	698,439	-	-	664,193	698,439
Housing and development	445,673	505,248	-	-	445,673	505,248
Interest	11,035	17,957	-	-	11,035	17,957
Water	-	-	811,788	780,255	811,788	780,255
Solid waste	-	-	1,620,600	1,518,781	1,620,600	1,518,781
Total expenses	16,868,805	18,608,926	2,432,388	2,299,036	19,301,193	20,907,962
Changes in net position	115,968	(1,908,066)	(432,111)	(325,959)	(316,143)	(2,234,025)
Net position - beg. of year	22,187,276	24,095,342	3,848,230	4,174,189	26,035,506	28,269,531
Net position - end of year	\$ 22,303,244	\$ 22,187,276	\$ 3,416,119	\$ 3,848,230	\$ 25,719,363	\$ 26,035,506

Excluding transfers, total revenues for governmental activities exceeded total expenses by \$115,968. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to charges for services, \$4,801,376 or 28%, and property taxes of \$5,002,041 or 29%.

MCINTOSH COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety at \$10,217,020 or 61%, with the second largest expense attributable to general government, reporting expenses of \$2,287,838 or 14%.

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	
	2018	2017	2018	2017
General government	\$ 2,287,838	\$ 2,337,789	\$ 1,837,719	\$ 1,797,855
Judicial	1,400,411	1,422,511	1,400,411	1,422,511
Public safety	10,217,020	10,538,361	5,481,954	5,975,351
Public works	1,693,243	2,915,573	(856,472)	385,243
Health and welfare	149,392	173,048	44,171	71,042
Culture and recreation	664,193	698,439	643,232	488,158
Housing and development	445,673	505,248	(103,218)	159,747
Interest on long-term debt	11,035	17,957	11,035	17,957
 Totals	 \$ 16,868,805	 \$ 18,608,926	 \$ 8,458,832	 \$ 10,317,864

As noted in the above table, governmental programs fell \$8,458,832 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, 2018.

MCINTOSH COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

The County's Major Governmental Funds

At the end of fiscal year 2018, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of \$8,539,718. This balance decreased by \$5,236 from prior year's balance. The statement of revenues, expenditures, and changes in fund balances presented on page 16 reports a negative net changes of: \$337,360 in the General Fund, and an increase of \$332,124 in the Other Governmental Funds.

McIntosh County's total governmental fund balance of \$8,539,718 is divided into four categories: nonspendable of \$991,385; restricted of \$2,676,115; and committed of \$128,101. The unassigned fund balance is \$4,744,117 that is available for use to meet current ongoing obligations of the County.

Revenues for the General Fund totaled \$14,337,207, or approximately 84% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. Of this amount, \$4,992,782 (or 35%) was collected through property taxes, with second largest source of revenues reported in the line item of intergovernmental revenues, \$3,332,979, or 20%.

Expenditures for the General Fund totaled \$14,571,004 (not including Other Financing Sources). Expenditures exceeded revenues by \$233,797.

General Fund Budgetary Highlights

Total revenues in the General Fund were over budget by amounts by \$2,972,110, or approximately 26%. 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 negative variance, \$48,141 is reported in the line item of other taxes.

General Fund expenditures (not including other financing sources) for the year ended September 30, 2018, were over budget by \$2,850,652, or approximately 24%.

Capital Asset and Debt Administration

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$26,787,099 (net of accumulated depreciation). This is a decrease of \$191,649 from last year. The decrease is mostly due to depreciation of capital assets in excess of the current year layer of additions relative 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, 2018

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 841,042	\$ 214,793	\$ 1,055,835
Construction in progress	1,102,580	-	1,102,580
Buildings	6,945,552	92,169	7,037,721
Machinery and equipment	2,509,563	652,112	3,161,675
Infrastructure	3,593,250	-	3,593,250
Water system	-	10,792,450	10,792,450
Landfill	-	43,588	43,588
Totals	\$ 14,991,987	\$ 11,795,112	\$ 26,787,099

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 100% complete with the 2005 SPLOST program. McIntosh County started the SPLOST 2010 and 2016 program in FY 2011 and 2017, respectively. More detail on the County's capital assets can be found on pages 39 and 40.

At year end, the County had a total \$9,660,458 in outstanding long-term liabilities which includes \$1,799,868 in closure and post-closure care costs for the McIntosh County Landfill Fund, \$6,333,465 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 – 43.

Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing FY 2019 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 fund 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, 2018

	Primary Government			Component Unit Board of Health	
	Governmental Activities		Business-type Activities		
	Total	Governmental Activities			
ASSETS					
Cash and cash equivalents	\$ 5,259,415	\$ 567,165	\$ 5,826,580	\$ 282,393	
Taxes receivable, net	409,426	-	409,426	-	
Accounts receivable, net	197,322	198,781	396,103	14,104	
Notes receivable	62,500	-	62,500	-	
Internal balances	733,980	(733,980)	-	-	
Due from other governments	2,219,138	-	2,219,138	34,936	
Prepaid expenses	300,370	-	300,370	-	
Capital assets, non-depreciable	1,943,623	214,793	2,158,416	-	
Capital assets, depreciable, net of accumulated depreciation	13,048,364	11,580,319	24,628,683	16,678	
Total assets	<u>24,174,138</u>	<u>11,827,078</u>	<u>36,001,216</u>	<u>348,111</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Pension	311,523	14,050	325,573	46,263	
Total deferred outflows of resources	<u>311,523</u>	<u>14,050</u>	<u>325,573</u>	<u>46,263</u>	
LIABILITIES					
Accounts and retainage payable	126,964	118,391	245,355	24,260	
Accrued liabilities	77,929	15,406	93,335	-	
Due to other governments	67,672	-	67,672	17,171	
Customer deposits	-	46,608	46,608	-	
Capital leases due within one year	78,907	-	78,907	-	
Capital leases due in more than one year	165,076	-	165,076	-	
Bond payable due within one year	-	98,414	98,414	-	
Bond payable due in more than one year	-	6,235,051	6,235,051	-	
Compensated absences due within one year	137,064	5,522	142,586	5,664	
Compensated absences due in more than one year	34,266	1,381	35,647	22,656	
Closure and post-closure care cost	-	1,799,868	1,799,868	-	
Net pension liability	1,363,330	61,486	1,424,816	259,902	
Total liabilities	<u>2,051,208</u>	<u>8,382,127</u>	<u>10,433,335</u>	<u>329,653</u>	
DEFERRED INFLOWS OF RESOURCES					
Pension	131,209	5,917	137,126	38,192	
Total deferred inflows of resources	<u>131,209</u>	<u>5,917</u>	<u>137,126</u>	<u>38,192</u>	
NET POSITION					
Net investment in capital assets	14,748,004	5,461,647	20,209,651	16,678	
Restricted for:					
Judicial	431,531	-	431,531	-	
Public safety	752,097	-	752,097	-	
Economic development	63,006	-	63,006	-	
Capital outlay	1,153,138	-	1,153,138	-	
Tourism	276,343	-	276,343	-	
Special use	-	-	-	138,084	
Debt service	-	149,667	149,667	-	
Unrestricted	4,879,125	(2,195,195)	2,683,930	(128,233)	
Total net position	<u>\$ 22,303,244</u>	<u>\$ 3,416,119</u>	<u>\$ 25,719,363</u>	<u>\$ 26,529</u>	

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,287,838	\$ 450,119	\$ -	\$ -
Judicial	1,400,411	-	-	-
Public safety	10,217,020	4,330,296	385,883	18,887
Public works	1,693,243	-	-	2,549,715
Health and welfare	149,392	-	105,221	-
Culture and recreation	664,193	20,961	-	-
Housing and development	445,673	-	548,891	-
Interest on long-term debt	11,035	-	-	-
Total governmental activities	<u>16,868,805</u>	<u>4,801,376</u>	<u>1,039,995</u>	<u>2,568,602</u>
Business-type activities:				
Water	811,788	805,081	-	(36,965)
Solid waste	1,620,600	1,194,464	-	-
Total business-type activities	<u>2,432,388</u>	<u>1,999,545</u>	<u>-</u>	<u>(36,965)</u>
Total primary government	<u>\$ 19,301,193</u>	<u>\$ 6,800,921</u>	<u>\$ 1,039,995</u>	<u>\$ 2,531,637</u>
Component unit:				
Board of Health	\$ 386,556	\$ 138,083	\$ 246,294	\$ -
Total component unit	<u>\$ 386,556</u>	<u>\$ 138,083</u>	<u>\$ 246,294</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Business taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	Board of Health		
\$	\$	\$	\$	\$	\$
(1,837,719)	-	(1,837,719)	-	-	-
(1,400,411)	-	(1,400,411)	-	-	-
(5,481,954)	-	(5,481,954)	-	-	-
856,472	-	856,472	-	-	-
(44,171)	-	(44,171)	-	-	-
(643,232)	-	(643,232)	-	-	-
103,218	-	103,218	-	-	-
(11,035)	-	(11,035)	-	-	-
<u>(8,458,832)</u>	<u>-</u>	<u>(8,458,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(43,672)	(43,672)	-	-	-
<u>-</u>	<u>(426,136)</u>	<u>(426,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(469,808)</u>	<u>(469,808)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (8,458,832)</u>	<u>\$ (469,808)</u>	<u>\$ (8,928,640)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,179)		
\$ -	\$ -	\$ -	\$ (2,179)		
\$ 5,002,041	\$ -	\$ 5,002,041	\$ -		
2,239,289	-	2,239,289	-	-	-
798,246	-	798,246	-	-	-
559,893	-	559,893	-	-	-
12,296	732	13,028	-	-	-
-	-	-	98,720		
(36,965)	36,965	-	-	-	-
<u>8,574,800</u>	<u>37,697</u>	<u>8,612,497</u>	<u>98,720</u>		
115,968	(432,111)	(316,143)	96,541		
22,187,276	3,848,230	26,035,506	(70,012)		
<u>\$ 22,303,244</u>	<u>\$ 3,416,119</u>	<u>\$ 25,719,363</u>	<u>\$ 26,529</u>		

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Nonmajor Governmental Funds			Total
	General			
ASSETS				
Cash and cash equivalents	\$ 2,968,442	\$ 2,290,973	\$ 5,259,415	
Taxes receivable, net	400,040	9,386	409,426	
Accounts receivable	107,501	89,821	197,322	
Notes receivable	-	62,500	62,500	
Due from other funds	98,769	307,757	406,526	
Due from other governments	2,033,822	185,316	2,219,138	
Prepaid items	300,370	-	300,370	
Advances to other funds	691,015	-	691,015	
Total assets	<u>\$ 6,599,959</u>	<u>\$ 2,945,753</u>	<u>\$ 9,545,712</u>	

LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES

	General	Nonmajor Governmental Funds	Total
LIABILITIES			
Accounts and retainage payable	\$ 106,653	\$ 20,311	\$ 126,964
Accrued expenses	76,385	-	76,385
Due to other funds	307,757	55,804	363,561
Due to other governments	-	67,672	67,672
Total liabilities	<u>490,795</u>	<u>143,787</u>	<u>634,582</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue - property taxes	371,412	-	371,412
Total deferred inflow of resources	<u>371,412</u>	<u>-</u>	<u>371,412</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	300,370	-	300,370
Advances to other funds	691,015	-	691,015
Restricted for:			
Judicial	-	431,531	431,531
Public safety	-	752,097	752,097
Economic development	-	63,006	63,006
Capital outlay	-	1,153,138	1,153,138
Tourism	-	276,343	276,343
Committed to:			
Capital outlay	-	8,911	8,911
Public safety	-	119,190	119,190
Unassigned	4,746,367	(2,250)	4,744,117
Total fund balances	<u>5,737,752</u>	<u>2,801,966</u>	<u>8,539,718</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 6,599,959</u>	<u>\$ 2,945,753</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.	14,991,987
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	371,412
Deferred outflows and inflows 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 losses, and differences in assumption changes.	180,314
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(416,857)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(1,363,330)
Net position of governmental activities	<u>\$ 22,303,244</u>

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Nonmajor Governmental Funds	Total
Revenues:			
Property taxes	\$ 4,992,782	\$ -	\$ 4,992,782
Sales taxes	959,694	1,279,595	2,239,289
Business taxes	798,246	-	798,246
Other taxes	401,241	158,652	559,893
Licenses and permits	139,712	-	139,712
Intergovernmental	3,332,979	275,612	3,608,591
Charges for services	707,733	284,719	992,452
Fines and forfeitures	2,877,000	668,304	3,545,304
Interest	4,412	7,890	12,302
Other revenues	123,408	500	123,908
Total revenues	<u>14,337,207</u>	<u>2,675,272</u>	<u>17,012,479</u>
Expenditures:			
Current:			
General government	2,083,673	2,963	2,086,636
Judicial	1,168,976	82,174	1,251,150
Public safety	8,698,825	952,592	9,651,417
Public works	1,702,284	-	1,702,284
Health and welfare	137,862	-	137,862
Culture and recreation	414,236	153,213	567,449
Housing and development	351,827	95,191	447,018
Intergovernmental	-	354,703	354,703
Capital outlay	-	667,726	667,726
Debt service:			
Principal	12,488	125,897	138,385
Interest	833	12,252	13,085
Total expenditures	<u>14,571,004</u>	<u>2,446,711</u>	<u>17,017,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(233,797)</u>	<u>228,561</u>	<u>(5,236)</u>
Other financing sources (uses):			
Transfers in	92,873	240,472	333,345
Transfers out	(196,436)	(136,909)	(333,345)
Total other financing sources (uses)	<u>(103,563)</u>	<u>103,563</u>	<u>-</u>
Net change in fund balances	(337,360)	332,124	(5,236)
Fund balances, beginning of year	<u>6,075,112</u>	<u>2,469,842</u>	<u>8,544,954</u>
Fund balances, end of year	<u>\$ 5,737,752</u>	<u>\$ 2,801,966</u>	<u>\$ 8,539,718</u>

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, 2018

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

Net change in fund balances - total governmental funds	\$	(5,236)
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.		306,872
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net position.		(36,965)
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.		9,259
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.		138,385
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(210,927)
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>(85,420)</u>
Change in net positon - governmental activites	\$	<u>115,968</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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 5,016,911	\$ 5,016,911	\$ 4,992,782	\$ (24,129)
Sales taxes	854,689	854,689	959,694	105,005
Business taxes	774,947	774,947	798,246	23,299
Other taxes	449,382	449,382	401,241	(48,141)
Licenses and permits	98,354	98,354	139,712	41,358
Intergovernmental	820,465	820,465	3,332,979	2,512,514
Charges for services	720,636	720,636	707,733	(12,903)
Fines and forfeitures	2,532,703	2,532,703	2,877,000	344,297
Interest income	4,665	4,665	4,412	(253)
Other revenues	92,345	92,345	123,408	31,063
Total revenues	<u>11,365,097</u>	<u>11,365,097</u>	<u>14,337,207</u>	<u>2,972,110</u>
Expenditures:				
Current:				
General government:				
Elections	206,435	206,435	195,662	10,773
Financial administration	713,627	713,627	784,383	(70,756)
Tax commissioner	378,706	378,706	372,924	5,782
Tax assessor	467,323	467,323	411,576	55,747
General government buildings and plant	275,709	275,709	302,842	(27,133)
Board of equalization	18,367	18,367	16,286	2,081
Total general government	<u>2,060,167</u>	<u>2,060,167</u>	<u>2,083,673</u>	<u>(23,506)</u>
Judicial:				
Superior court	425,162	425,162	427,458	(2,296)
State court	500,614	500,614	501,953	(1,339)
Probate-magistrate court	241,801	241,801	239,565	2,236
Total judicial	<u>1,167,577</u>	<u>1,167,577</u>	<u>1,168,976</u>	<u>(1,399)</u>
Public safety:				
Sheriff	3,112,150	3,112,150	3,122,817	(10,667)
Jail operations	1,666,884	1,666,884	1,851,513	(184,629)
Fire	194,416	194,416	182,622	11,794
Ambulance services	975,998	975,998	997,456	(21,458)
Coroner	44,132	44,132	40,990	3,142
Emergency management	114,480	114,480	2,314,950	(2,200,470)
Animal shelter	159,567	159,567	188,477	(28,910)
Total public safety	<u>6,267,627</u>	<u>6,267,627</u>	<u>8,698,825</u>	<u>(2,431,198)</u>
Public works:				
Roads and bridges	1,325,995	1,325,995	1,702,284	(376,289)
Water	25,000	25,000	-	25,000
Total public works	<u>1,350,995</u>	<u>1,350,995</u>	<u>1,702,284</u>	<u>(351,289)</u>

(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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures:				
Current:				
Health and welfare:				
Health	\$ 52,080	\$ 52,080	\$ 52,080	\$ -
Mosquito control	15,000	15,000	15,939	(939)
Welfare	14,040	14,040	14,430	(390)
Family connections	53,500	53,500	55,413	(1,913)
Total health and welfare	<u>134,620</u>	<u>134,620</u>	<u>137,862</u>	<u>(3,242)</u>
Culture and recreation:				
Leisure services	327,621	327,621	347,236	(19,615)
Library	67,000	67,000	67,000	-
Total culture and recreation	<u>394,621</u>	<u>394,621</u>	<u>414,236</u>	<u>(19,615)</u>
Housing and development:				
County extension	89,021	89,021	65,219	23,802
Protective inspection	148,724	148,724	156,045	(7,321)
Economic opportunity	107,000	107,000	130,563	(23,563)
Total housing and development	<u>344,745</u>	<u>344,745</u>	<u>351,827</u>	<u>(7,082)</u>
Debt service:				
Principal	-	-	12,488	(12,488)
Interest	-	-	833	(833)
Total debt service	<u>-</u>	<u>-</u>	<u>13,321</u>	<u>(13,321)</u>
Total expenditures	<u>11,720,352</u>	<u>11,720,352</u>	<u>14,571,004</u>	<u>(2,850,652)</u>
Deficiency of revenues under expenditures	<u>(355,255)</u>	<u>(355,255)</u>	<u>(233,797)</u>	<u>121,458</u>
Other financing sources (uses):				
Proceeds from sale of assets	5,000	5,000	-	(5,000)
Transfers in	200,805	200,805	92,873	(107,932)
Transfers out	-	-	(196,436)	(196,436)
Total other financing sources, net	<u>205,805</u>	<u>205,805</u>	<u>(103,563)</u>	<u>(309,368)</u>
Net change in fund balances	(149,450)	(149,450)	(337,360)	(187,910)
Fund balance, beginning of year	<u>6,075,112</u>	<u>6,075,112</u>	<u>6,075,112</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,925,662</u>	<u>\$ 5,925,662</u>	<u>\$ 5,737,752</u>	<u>\$ (187,910)</u>

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2018

ASSETS	Water Fund	Solid Waste Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 546,777	\$ 20,388	\$ 567,165
Accounts receivable, net of allowances	101,776	97,005	198,781
Due from other funds	2,250	-	2,250
Total current assets	<u>650,803</u>	<u>117,393</u>	<u>768,196</u>
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	90,103	124,690	214,793
Depreciable, net of accumulated depreciation	10,834,074	746,245	11,580,319
Total noncurrent assets	<u>10,924,177</u>	<u>870,935</u>	<u>11,795,112</u>
Total assets	<u>11,574,980</u>	<u>988,328</u>	<u>12,563,308</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	6,024	8,026	14,050
Total deferred outflows of resources	<u>6,024</u>	<u>8,026</u>	<u>14,050</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	14,258	104,133	118,391
Accrued expenses	15,406	-	15,406
Due to other funds	45,215	-	45,215
Customer deposits	46,608	-	46,608
Current portion - compensated absences	2,928	2,594	5,522
Current portion - bond payable	98,414	-	98,414
Total current liabilities	<u>222,829</u>	<u>106,727</u>	<u>329,556</u>
LONG-TERM LIABILITIES			
Advance from other funds	-	691,015	691,015
Compensated absences, net of current portion	732	649	1,381
Accrued landfill closure/post-closure care costs	-	1,799,868	1,799,868
Bond payable, net of current portion	6,235,051	-	6,235,051
Net pension liability	26,361	35,125	61,486
Total long-term liabilities	<u>6,262,144</u>	<u>2,526,657</u>	<u>8,788,801</u>
Total liabilities	<u>6,484,973</u>	<u>2,633,384</u>	<u>9,118,357</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	2,537	3,380	5,917
Total deferred outflows of resources	<u>2,537</u>	<u>3,380</u>	<u>5,917</u>
NET POSITION			
Net investment in capital assets	4,590,712	870,935	5,461,647
Restricted for:			
Debt service	149,667	-	149,667
Unrestricted	353,115	(2,511,345)	(2,158,230)
Total net position	<u>\$ 5,093,494</u>	<u>\$ (1,640,410)</u>	<u>\$ 3,453,084</u>

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, 2018**

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Charges for services	\$ 737,026	\$ 1,194,464	\$ 1,931,490
Miscellaneous	68,055	-	68,055
Total operating revenues	<u>805,081</u>	<u>1,194,464</u>	<u>1,999,545</u>
OPERATING EXPENSES			
Salaries and benefits	172,731	226,259	398,990
Cost of sales and services	120,309	1,189,774	1,310,083
Supplies	93,725	58,768	152,493
Depreciation	185,597	145,799	331,396
Total operating expenses	<u>572,362</u>	<u>1,620,600</u>	<u>2,192,962</u>
Operating income (loss)	<u>232,719</u>	<u>(426,136)</u>	<u>(193,417)</u>
NONOPERATING INCOME (EXPENSES)			
Interest income	491	241	732
Interest expense	(239,426)	-	(239,426)
Total nonoperating income (expenses)	<u>(238,935)</u>	<u>241</u>	<u>(238,694)</u>
Loss before capital contributions	<u>(6,216)</u>	<u>(425,895)</u>	<u>(432,111)</u>
CAPITAL CONTRIBUTIONS			
Change in net position	(6,216)	(388,930)	(395,146)
NET POSITION, beginning of year	<u>5,099,710</u>	<u>(1,251,480)</u>	<u>3,848,230</u>
NET POSITION, end of year	<u>\$ 5,093,494</u>	<u>\$ (1,640,410)</u>	<u>\$ 3,453,084</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, 2018

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 808,711	\$ 1,192,919	\$ 2,001,630
Payments to suppliers	(208,381)	(1,123,903)	(1,332,284)
Payments to employees	(173,206)	(222,444)	(395,650)
Net cash provided by (used in) operating activities	<u>427,124</u>	<u>(153,428)</u>	<u>273,696</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds payable	(94,798)	-	(94,798)
Payments for capital assets	(33,040)	(10,762)	(43,802)
Interest paid	(239,426)	-	(239,426)
Net cash used in capital and related financing activities	<u>(367,264)</u>	<u>(10,762)</u>	<u>(378,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	491	241	732
Net cash provided by investing activities	<u>491</u>	<u>241</u>	<u>732</u>
Net increase (decrease) in cash and cash equivalents	60,351	(163,949)	(103,598)
Cash and cash equivalents:			
Beginning of year	486,426	184,337	670,763
End of year	<u>\$ 546,777</u>	<u>\$ 20,388</u>	<u>\$ 567,165</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 232,719	\$ (426,136)	\$ (193,417)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	185,597	145,799	331,396
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	3,630	(1,545)	2,085
Decrease in deferred outflows of resources	4,055	2,370	6,425
Increase (decrease) in accounts payable	(15,822)	660	(15,162)
Increase in due to other funds	6,646	-	6,646
Increase in customer deposits	14,829	-	14,829
Increase in advance from other funds	-	6,766	6,766
Increase (decrease) in compensated absences	2,465	(33)	2,432
Decrease in net pension liability	(9,532)	(1,902)	(11,434)
Increase in landfill closure and postclosure costs	-	117,213	117,213
Increase in deferred inflows of resources	2,537	3,380	5,917
Net cash provided by (used in) operating activities	<u>\$ 427,124</u>	<u>\$ (153,428)</u>	<u>\$ 273,696</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from governmental activities	<u>\$ -</u>	<u>\$ 36,965</u>	<u>\$ 36,965</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, 2018

	Agency Funds
ASSETS	
Cash	\$ 803,151
Taxes receivable	935,941
Total assets	<u><u>\$ 1,739,092</u></u>
LIABILITIES	
Due to others	\$ 803,151
Uncollected taxes	935,941
Total liabilities	<u><u>\$ 1,739,092</u></u>

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

MCINTOSH COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Separate financial statements for the Board of Health can be obtained from its administrative office at P.O. Box 576, Darien, Georgia 31305.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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.

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 fund:

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 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.

NOTES TO FINANCIAL STATEMENTS

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 amounts, which reasonably estimates fair value.

NOTES TO FINANCIAL STATEMENTS

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). 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 acquisition value.

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, 2018.

NOTES TO FINANCIAL STATEMENTS

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

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.

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

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 two 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 County also reports deferred outflows of resources for assumption changes which are amortized into pension expense over the average expected remaining service lives of plan members.

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 two items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, 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. Additionally, the County's net 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.

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

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

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 difference are as follows:

Accrued interest payable	\$ (1,544)
Capital lease payable	(243,983)
Compensated absences	<u>(171,330)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (416,857)</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 difference are as follows:

Capital outlay	\$ 1,328,463
Depreciation expense	<u>(1,021,591)</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>\$ 306,872</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 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 difference are as follows:

Accrued interest	\$ 2,050
Compensated absences	20,911
Change in net pension liability and related deferred outflows and inflows of resources	<u>(108,381)</u>
Net adjustment to reduce <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (85,420)</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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, 2017 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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Excess of Expenditures Over Appropriations

For the year ended September 30, 2018, the following departments had excess of actual expenditures over appropriations. The over-expenditures were funded by under-expenditures in other departments and intergovernmental revenues in the General Fund:

	Excess
Financial administration	\$ 70,756
General government buildings and plant	27,133
Superior court	2,296
State court	1,339
Sheriff	10,667
Jail operations	184,629
Ambulance services	21,458
Emergency management	2,200,470
Animal shelter	28,910
Roads and bridges	376,289
Mosquito control	939
Welfare	390
Family connections	1,913
Leisure services	19,615
Protective inspection	7,321
Economic opportunity	23,563

D. Deficit Fund Balance/Net Position

The following funds reported a deficit net position of fund balance for the fiscal year ended September 30, 2018: Solid Waste Fund's deficit net position of \$1,640,910, and the 2005 SPLOST Fund's deficit fund balance of \$2,250. The deficits are intended to be eliminated through increased user charges or interfund transfers.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2018, are summarized as follows:

As reported in the Statement of Net Position:

Cash and cash equivalents - Primary Government	\$ 5,826,580
Cash and cash equivalents - Agency Funds	803,151
	<u>\$ 6,629,731</u>
Cash deposited with financial institutions	\$ 6,629,731

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of September 30, 2018, the County's deposits were not exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables consisted of the following at September 30, 2018, for the County's individual major funds and nonmajor funds in the aggregate:

	Nonmajor		Water Fund	Solid Waste Fund	Total
	General	Governmental Funds			
Receivables:					
Taxes	\$ 597,074	\$ 9,386	\$ -	\$ -	\$ 606,460
Accounts	107,501	89,821	171,101	148,456	516,879
Notes	-	62,500	-	-	62,500
Gross receivables	704,575	161,707	171,101	148,456	1,185,839
Less allowance for uncollectibles	(197,034)	-	(69,325)	(51,451)	(317,810)
Net total receivable	<u>\$ 507,541</u>	<u>\$ 161,707</u>	<u>\$ 101,776</u>	<u>\$ 97,005</u>	<u>\$ 868,029</u>

Property taxes attached as an enforceable lien on property as of January 1, 2017. Property taxes were levied on August 22, 2017, and payable on or before February 7, 2018. The County bills and collects its own property taxes. Property taxes levied for 2017 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2018, and collected by November 30, 2018, are recognized as revenues in the year ended September 30, 2018. Net receivables estimated to be collected subsequent to November 30, 2018, 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

PRIMARY GOVERNMENT

The County's capital asset activity for the fiscal year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 841,042	\$ -	\$ -	\$ -	\$ 841,042
Construction in progress	508,081	817,834	(201,427)	(21,908)	1,102,580
Total capital assets, not being depreciated	<u>1,349,123</u>	<u>817,834</u>	<u>(201,427)</u>	<u>(21,908)</u>	<u>1,943,622</u>
Capital assets, being depreciated:					
Buildings	10,953,919	-	-	-	10,953,919
Machinery and equipment	8,166,955	450,879	(47,500)	(15,057)	8,555,277
Infrastructure	32,380,821	59,750	-	-	32,440,571
Total capital assets, being depreciated	<u>51,501,695</u>	<u>510,629</u>	<u>(47,500)</u>	<u>(15,057)</u>	<u>51,949,767</u>
Less accumulated depreciation for:					
Buildings	(3,724,288)	(284,079)	-	-	(4,008,367)
Machinery and equipment	(5,596,681)	(487,033)	38,000	-	(6,045,714)
Infrastructure	(28,596,842)	(250,479)	-	-	(28,847,321)
Total accumulated depreciation	<u>(37,917,811)</u>	<u>(1,021,591)</u>	<u>38,000</u>	<u>-</u>	<u>(38,901,402)</u>
Total capital assets, being depreciated, net	<u>13,583,884</u>	<u>(510,962)</u>	<u>(9,500)</u>	<u>(15,057)</u>	<u>13,048,365</u>
Governmental activities capital assets, net	<u><u>\$ 14,933,007</u></u>	<u><u>\$ 306,872</u></u>	<u><u>\$ (210,927)</u></u>	<u><u>\$ (36,965)</u></u>	<u><u>\$ 14,991,987</u></u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 214,793	\$ -	\$ -	\$ -	\$ 214,793
Construction in progress	101,454	33,040	-	(134,494)	-
Total capital assets, not being depreciated	<u>316,247</u>	<u>33,040</u>	<u>-</u>	<u>(134,494)</u>	<u>214,793</u>
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	1,683,260	10,762	-	36,965	1,730,987
Water system	12,601,195	-	-	134,494	12,735,689
Landfill	757,304	-	-	-	757,304
Total	<u>15,216,218</u>	<u>10,762</u>	<u>-</u>	<u>171,459</u>	<u>15,398,439</u>
Less accumulated depreciation for:					
Building and improvements	(73,966)	(8,324)	-	-	(82,290)
Machinery and equipment	(961,827)	(117,048)	-	-	(1,078,875)
Water system	(1,767,851)	(175,388)	-	-	(1,943,239)
Landfill	(683,080)	(30,636)	-	-	(713,716)
Total	<u>(3,486,724)</u>	<u>(331,396)</u>	<u>-</u>	<u>-</u>	<u>(3,818,120)</u>
Total capital assets, being depreciated, net	<u>11,729,494</u>	<u>(320,634)</u>	<u>-</u>	<u>171,459</u>	<u>11,580,319</u>
Business-type activities capital assets, net	<u><u>\$ 12,045,741</u></u>	<u><u>\$ (287,594)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,965</u></u>	<u><u>\$ 11,795,112</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

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

Governmental activities:					
General government					\$ 39,886
Judicial					9,781
Public safety					568,741
Public works					230,810
Health and welfare					11,530
Culture and recreation					160,843
Total depreciation expense - governmental activities					<u><u>\$ 1,021,591</u></u>
Business-type activities:					
Water Fund					\$ 185,597
Solid Waste Fund					145,799
Total depreciation expense - business-type activities					<u><u>\$ 331,396</u></u>

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 12,488	\$ -	\$ (12,488)	\$ -	\$ -
Capital leases payable	369,880	-	(125,897)	243,983	78,907
Compensated absences	192,241	118,000	(138,911)	171,330	137,064
Net pension liability	<u>1,494,147</u>	<u>-</u>	<u>(130,817)</u>	<u>1,363,330</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 2,068,756</u>	<u>\$ 118,000</u>	<u>\$ (408,113)</u>	<u>\$ 1,778,643</u>	<u>\$ 215,971</u>
Business-type activities:					
Revenue bonds payable	\$ 6,428,263	\$ -	\$ (94,798)	\$ 6,333,465	\$ 98,414
Compensated absences	4,471	7,770	(5,338)	6,903	5,522
Closure and postclosure care	1,682,655	117,213	-	1,799,868	-
Net pension liability	<u>72,920</u>	<u>-</u>	<u>(11,434)</u>	<u>61,486</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 8,188,309</u>	<u>\$ 124,983</u>	<u>\$ (111,570)</u>	<u>\$ 8,201,722</u>	<u>\$ 103,936</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various types of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions.

The following is an analysis of leased assets under capital leases as of September 30, 2018:

Governmental Activities	
Equipment	\$ 438,638
Less: Accumulated depreciation	(86,166)
	<u><u>\$ 352,472</u></u>

The County recorded \$27,024 in depreciation expense on capital leases during the year ended September 30, 2018.

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2018:

Governmental Activities	
Fiscal year ending September 30,	
2019	\$ 86,806
2020	64,558
2021	64,558
2022	46,058
Total minimum lease payments	<u><u>261,980</u></u>
Less amount representing interest	17,997
Present value of future minimum lease payments	<u><u>\$ 243,983</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 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 were due in annual installments of interest only of \$253,500 through November 2013. Principal is due in monthly installments of \$27,852, beginning December 2013 through November 2051, including interest of 3.75%.

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

Fiscal Year Payable	Total	Principal	Interest
2019	\$ 334,224	\$ 98,414	\$ 235,810
2020	334,224	101,520	232,704
2021	334,224	106,042	228,182
2022	334,224	110,088	224,136
2023	334,224	114,288	219,936
2024 - 2028	1,671,120	639,016	1,032,104
2029 - 2033	1,671,120	771,318	899,802
2034 - 2038	1,671,120	930,174	740,946
2039 - 2043	1,671,120	1,121,752	549,368
2044 - 2048	1,671,120	1,352,673	318,447
2049 - 2052	1,048,978	988,180	60,798
	<u>\$ 11,075,698</u>	<u>\$ 6,333,465</u>	<u>\$ 4,742,233</u>

Landfill Closure and Post-closure 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 post-closure care costs will be paid after the landfill is closed. The \$1,799,868 reported as an estimated liability for closure and post-closure care costs represents the estimated cost for landfill closure and post-closure care based upon the capacity of the County's landfills used to date. The amount of the total estimated cost for landfill closure and post-closure care of \$4,018,918 will be recognized on a pro rata basis as the remaining estimated capacity of 80,385 cubic yards of useable space for the original landfill is filled. Approximately 85% of the original landfill's capacity has been used to date and zero percent of the new landfill's capacity has been used to date. The County expects the original landfill to close in 2025 and the new landfill to close in 2046. All amounts recognized are based on what it would cost to perform all closure and post-closure care in 2003 as adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 53,554
General Fund	Water Fund	45,215
Nonmajor Governmental Funds	General Fund	307,757
Water Fund	Nonmajor Governmental Funds	2,250
		<u><u>\$ 408,776</u></u>

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	<u><u>\$ 691,015</u></u>

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 In	Transfer Out		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 92,873	\$ 92,873
Nonmajor Governmental Funds	196,436	44,036	240,472
	<u><u>\$ 196,436</u></u>	<u><u>\$ 136,909</u></u>	<u><u>\$ 333,345</u></u>

NOTES TO FINANCIAL STATEMENTS

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

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to transfer funds for debt service.

NOTE 9. DEFINED BENEFIT PENSION PLAN

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 or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Plan Membership

As of January 1, 2017, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not receiving benefits	78
Active plan members	111
	<hr/>
	235
	<hr/>

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, 2018, the County's contribution rate was 8.8% of annual payroll. County contributions to the Plan were \$376,723 for the year ended September 30, 2018.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% - 5.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality rates were based on the RP-2000 Combined Healthy Mortality Table.	

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study through February 28, 2014.

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 (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), 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, 2017, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return *
S&P 500	30 %	7.91 %
Barclay's Agg.	30	5.60
MSCI EAFE	15	4.29
Citi Non US WEBI	5	4.66
NAREIT Equity	5	10.79
Russell 2000	5	8.06
Russell 3000	5	8.03
S&P Mid Cap	5	11.22
	100 %	

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Net Pension Liability of the County (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. 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.

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, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 5,484,482	\$ 3,917,415	\$ 1,567,067
Changes for the year:			
Service cost	159,667	-	159,667
Interest	391,510	-	391,510
Changes in experience	161,376	-	161,376
Assumption changes	12,243	-	12,243
Contributions - employer	-	376,723	(376,723)
Net investment income	-	609,889	(609,889)
Benefit payments, including refunds of			
employee contributions	(168,702)	(168,702)	-
Administrative expense	-	(23,498)	23,498
Other charges	-	(96,067)	96,067
Net changes	<u>556,094</u>	<u>698,345</u>	<u>(142,251)</u>
Balances at September 30, 2018	<u><u>\$ 6,040,576</u></u>	<u><u>\$ 4,615,760</u></u>	<u><u>\$ 1,424,816</u></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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Net Pension Liability of the County (Continued)

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	\$ 2,172,992	\$ 1,424,816	\$ 798,666

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, 2017, 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, 2018, the County recognized pension expense of \$486,012. At September 30, 2018, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 137,126
Differences between expected and actual experience of economic/demographic losses	140,830	-
Difference in assumption changes	184,743	-
	<u><u>\$ 325,573</u></u>	<u><u>\$ 137,126</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PRIMARY GOVERNMENT (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2019	\$ 108,986
2020	102,761
2021	29,374
2022	(52,674)
Total	<u>\$ 188,447</u>

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.

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, 2018, employees contributed \$60,363 to the Contribution Plan.

NOTES TO FINANCIAL STATEMENTS

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, 2018, 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 four 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 four years have not exceeded the coverages.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies

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

Contractual Commitments

As of September 30, 2018, the County has no contractual commitments on uncompleted construction contracts.

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, 2018, the County paid \$16,065 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, 2018, were \$158,652. Of this amount, \$95,191, or 60% of the amount collected was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

REQUIRED SUPPLEMENTARY INFORMATION
**SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 159,667	\$ 149,309	\$ 137,728	\$ 145,049
Interest on total pension liability	391,510	371,629	330,894	305,995
Changes of assumptions	12,243	163,322	168,710	-
Benefit payments, including refunds of employee contributions	(168,702)	(155,990)	(134,925)	(119,050)
Experience loss	161,376	1,160	40,719	-
Net change in total pension liability	556,094	529,430	543,126	331,994
Total pension liability - beginning	5,484,482	4,955,052	4,411,926	4,079,932
Total pension liability - ending (a)	\$ 6,040,576	\$ 5,484,482	\$ 4,955,052	\$ 4,411,926
 Plan fiduciary net position				
Contributions - employer	\$ 376,723	\$ 341,417	\$ 312,354	\$ 319,724
Net investment income	609,889	259,033	23,186	215,954
Benefit payments, including refunds of employee contributions	(168,702)	(150,352)	(130,049)	(114,747)
Administrative expenses	(23,498)	(25,688)	(22,353)	(22,549)
Other	(96,067)	(28,542)	(37,937)	(41,002)
Net change in plan fiduciary net position	698,345	395,868	145,201	357,380
Plan fiduciary net position - beginning	3,917,415	3,521,547	3,376,346	3,018,966
Plan fiduciary net position - ending (b)	\$ 4,615,760	\$ 3,917,415	\$ 3,521,547	\$ 3,376,346
 County's net pension liability - ending (a) - (b)	\$ 1,424,816	\$ 1,567,067	\$ 1,433,505	\$ 1,035,580
Plan fiduciary net position as a percentage of the total pension liability	76.4%	71.4%	71.1%	76.5%
Covered payroll	\$ 4,286,200	\$ 3,986,892	\$ 3,972,684	\$ 4,121,892
County's net pension liability as a percentage of covered payroll	33.2%	39.3%	36.1%	25.1%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 324,599	\$ 376,723	\$ 312,354	\$ 319,724
Contributions in relation to the actuarially determined contribution	<u>376,723</u>	<u>341,417</u>	<u>312,354</u>	<u>319,724</u>
Contribution deficiency (excess)	<u>\$ (52,124)</u>	<u>\$ 35,306</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	4,286,200	3,986,892	3,972,684	4,121,892
Contributions as a percentage of covered payroll	8.8%	8.6%	7.9%	7.8%

Notes to the Schedule

Valuation date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return on Investments	7.25%
Projected Salary Increases	3.50% - 5.00%
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

MCINTOSH COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Law Library Fund is used to account for the resources received from the various courts of McIntosh County and disbursements for the support of a centralized law library.

Confiscated Assets Fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Jail Fund is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Drug Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs relating to controlled substances and marijuana (OCGA 15-21-100).

Victims Witness Assistance Fund is used to account for the County's activities related to witnesses in legal proceedings.

Jail Commissary Fund 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.

MCINTOSH COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

2005 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.

2010 Sales Tax Fund accounts 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.

2016 Sales Tax Fund accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: senior center facilities, animal shelter improvements, emergency medical assistance equipment, landfill improvements, roads, other various capital projects to be owned and/or operated by McIntosh County, 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, 2018

ASSETS	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim	Jail Commissary	E-911
					Witness Assistance		
Cash and cash equivalents	\$ 61,790	\$ 60,948	\$ 245,972	\$ 86,320	\$ 377,621	\$ 119,190	\$ 219,596
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	50,569	-	-	-	39,252
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	31,889	-	-	-	-
Due from other governments	-	-	-	330	12,799	-	70,407
Total assets	<u>\$ 61,790</u>	<u>\$ 60,948</u>	<u>\$ 328,430</u>	<u>\$ 86,650</u>	<u>\$ 390,420</u>	<u>\$ 119,190</u>	<u>\$ 329,255</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts and retainage payable	\$ -	\$ -	\$ 16,355	\$ -	\$ -	\$ -	\$ 3,956
Due to other funds	20,679	-	-	5,994	-	-	26,881
Due to other governments	-	-	-	-	-	-	-
Total liabilities	<u>20,679</u>	<u>-</u>	<u>16,355</u>	<u>5,994</u>	<u>-</u>	<u>-</u>	<u>30,837</u>
FUND BALANCES (DEFICIT)							
Restricted for:							
Judicial	41,111	-	-	-	390,420	-	-
Public safety	-	60,948	312,075	80,656	-	-	298,418
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-
Committed to:							
Capital outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	119,190	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>41,111</u>	<u>60,948</u>	<u>312,075</u>	<u>80,656</u>	<u>390,420</u>	<u>119,190</u>	<u>298,418</u>
Total liabilities and fund balances	<u>\$ 61,790</u>	<u>\$ 60,948</u>	<u>\$ 328,430</u>	<u>\$ 86,650</u>	<u>\$ 390,420</u>	<u>\$ 119,190</u>	<u>\$ 329,255</u>

Capital Projects Funds										Total Nonmajor Governmental Funds
Grant	Hotel/ Motel Tax	Revolving Loan	2005 Sales Tax	2010 Sales Tax	2016 Sales Tax	USDA Construction	CDBG Water System			
\$ -	\$ -	\$ 506	\$ -	\$ 135,019	\$ 984,011	\$ -	\$ -	\$ -	\$ -	\$ 2,290,973
-	9,386	-	-	-	-	-	-	-	-	9,386
-	-	-	-	-	-	-	-	-	-	89,821
-	-	62,500	-	-	-	-	-	-	-	62,500
-	266,957	-	-	-	-	-	-	8,911	-	307,757
-	-	-	-	-	101,780	-	-	-	-	185,316
<u>\$ -</u>	<u>\$ 276,343</u>	<u>\$ 63,006</u>	<u>\$ -</u>	<u>\$ 135,019</u>	<u>\$ 1,085,791</u>	<u>\$ -</u>	<u>\$ 8,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,945,753</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,311
-	-	-	-	2,250	-	-	-	-	-	55,804
-	-	-	-	-	-	67,672	-	-	-	67,672
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>67,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,787</u>
-	-	-	-	-	-	-	-	-	-	431,531
-	-	-	-	-	-	-	-	-	-	752,097
-	-	63,006	-	-	-	-	-	-	-	63,006
-	-	-	-	135,019	1,018,119	-	-	-	-	1,153,138
-	276,343	-	-	-	-	-	-	-	-	276,343
-	-	-	-	-	-	-	-	8,911	-	8,911
-	-	-	-	-	-	-	-	-	-	119,190
-	-	-	(2,250)	-	-	-	-	-	-	(2,250)
<u>-</u>	<u>276,343</u>	<u>63,006</u>	<u>(2,250)</u>	<u>135,019</u>	<u>1,018,119</u>	<u>-</u>	<u>-</u>	<u>8,911</u>	<u>-</u>	<u>2,801,966</u>
<u>\$ -</u>	<u>\$ 276,343</u>	<u>\$ 63,006</u>	<u>\$ -</u>	<u>\$ 135,019</u>	<u>\$ 1,085,791</u>	<u>\$ -</u>	<u>\$ 8,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,945,753</u>

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Revenues:							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	275,612
Charges for services	-	-	-	-	-	57,121	227,598
Fines and forfeitures	76,579	13,425	409,093	21,187	148,020	-	-
Interest income	32	42	213	59	372	71	204
Other revenues	-	-	-	-	-	-	500
Total revenues	76,611	13,467	409,306	21,246	148,392	57,192	503,914
Expenditures:							
Current							
General government	-	-	-	-	-	-	-
Judicial	82,174	-	-	-	-	-	-
Public works	-	9,365	333,596	15,623	29,758	3,909	560,341
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	82,174	9,365	333,596	15,623	29,758	3,909	560,341
Excess (deficiency) of revenues over (under) expenditures	(5,563)	4,102	75,710	5,623	118,634	53,283	(56,427)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(92,873)	-	-
Total other financing sources (uses)	-	-	-	-	(92,873)	-	-
Net change in fund balances	(5,563)	4,102	75,710	5,623	25,761	53,283	(56,427)
Fund balances, beginning of year	46,674	56,846	236,365	75,033	364,659	65,907	354,845
Fund balances (deficit), end of year	\$ 41,111	\$ 60,948	\$ 312,075	\$ 80,656	\$ 390,420	\$ 119,190	\$ 298,418

Capital Projects Funds									Total Nonmajor Governmental Funds
Grant	Hotel/ Motel Tax	Revolving Loan	2005 Sales Tax	2010 Sales Tax	2016 Sales Tax	USDA Construction	CDBG Water System		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,279,595	\$ -	\$ -	\$ -	\$ 1,279,595
	158,652	-	-	-	-	-	-	-	158,652
-	-	-	-	-	-	-	-	-	275,612
-	-	-	-	-	-	-	-	-	284,719
-	-	-	-	-	-	-	-	-	668,304
-	-	117	6	5,629	1,145	-	-	-	7,890
-	-	-	-	-	-	-	-	-	500
<u>-</u>	<u>158,652</u>	<u>117</u>	<u>6</u>	<u>5,629</u>	<u>1,280,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,675,272</u>
2,963	-	-	-	-	-	-	-	-	2,963
-	-	-	-	-	-	-	-	-	82,174
-	-	-	-	-	-	-	-	-	952,592
153,213	-	-	-	-	-	-	-	-	153,213
-	95,191	-	-	-	-	-	-	-	95,191
-	-	-	16,803	53,448	564,296	33,179	-	-	667,726
-	-	-	-	98,895	255,808	-	-	-	354,703
-	-	-	-	82,183	43,714	-	-	-	125,897
-	-	-	-	9,764	2,488	-	-	-	12,252
<u>156,176</u>	<u>95,191</u>	<u>-</u>	<u>16,803</u>	<u>244,290</u>	<u>866,306</u>	<u>33,179</u>	<u>-</u>	<u>-</u>	<u>2,446,711</u>
<u>(156,176)</u>	<u>63,461</u>	<u>117</u>	<u>(16,797)</u>	<u>(238,661)</u>	<u>414,434</u>	<u>(33,179)</u>	<u>-</u>	<u>-</u>	<u>228,561</u>
156,176	-	-	-	-	84,296	-	-	-	240,472
-	-	-	-	(44,036)	-	-	-	-	(136,909)
156,176	-	-	-	(44,036)	84,296	-	-	-	103,563
-	63,461	117	(16,797)	(282,697)	498,730	(33,179)	-	-	332,124
-	212,882	62,889	14,547	417,716	519,389	33,179	8,911	-	2,469,842
<u>\$ -</u>	<u>\$ 276,343</u>	<u>\$ 63,006</u>	<u>\$ (2,250)</u>	<u>\$ 135,019</u>	<u>\$ 1,018,119</u>	<u>\$ -</u>	<u>\$ 8,911</u>	<u>\$ -</u>	<u>\$ 2,801,966</u>

MCINTOSH COUNTY, GEORGIA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2005 REFERENDUM</u>					
Fire Department Improvements	\$ 1,250,000	\$ 1,250,000	\$ 1,467,532	\$ -	\$ 1,467,532
Animal Shelter Improvements	60,000	60,000	57,883	-	57,883
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	307,957	16,803	324,760
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	525,253	-	525,253
Totals	\$ 8,190,000	\$ 8,190,000	\$ 7,674,474	\$ 16,803	\$ 7,691,277

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2010 REFERENDUM</u>					
Courthouse Improvements	\$ 221,455	\$ 221,455	\$ 221,456	\$ -	\$ 221,456
Animal Shelter Improvements	75,000	75,000	69,477	-	69,477
Elections Equipment	15,000	15,000	4,061	-	4,061
Emergency Medical Assistance Equipment	147,000	147,000	290,768	-	290,768
Emergency Medical Service Equipment	617,240	617,240	591,603	-	591,603
Landfill Equipment and Improvements	855,000	855,000	830,244	-	830,244
Leisure Services Equipment and Improvements	868,000	868,000	584,459	-	584,459
Roads and Bridges Improvements	2,151,305	2,151,305	1,897,648	51,023	1,948,671
Sheriff's Department Improvements	500,000	500,000	471,257	2,425	473,682
Volunteer Fire Equipment	780,000	780,000	264,368	-	264,368
Chamber of Commerce Projects	710,000	710,000	-	-	-
Development Authority Projects	660,000	660,000	70,110	-	70,110
Project Chamber of Commerce	710,000	710,000	310,147	-	310,147
City of Darien Projects	1,900,000	1,900,000	1,809,054	98,895	1,907,949
Totals	\$ 10,210,000	\$ 10,210,000	\$ 7,414,652	\$ 152,343	\$ 7,566,995

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 and interfund transfers. Payments of principal and interest made during the current year totaled \$91,947. Transfers out during the current year totaled \$44,036.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2016 REFERENDUM</u>					
General Government and Senior Center Facility	\$ 300,000	\$ 300,000	\$ 55,067	\$ 64,732	\$ 119,799
Animal Shelter Improvements	72,000	72,000	-	-	-
Elections Equipment	27,000	27,000	-	-	-
Emergency Medical Assistance Equipment	135,000	135,000	-	-	-
Emergency Medical Service Equipment	680,000	680,000	-	35,963	35,963
Landfill Equipment and Improvements	565,000	565,000	23,060	36,965	60,025
Leisure Services Equipment and Improvements	763,186	763,186	-	11,693	11,693
Roads and Bridges Improvements	1,942,906	1,942,906	121,850	175,561	297,411
Sheriff's Department Improvements	1,100,000	1,100,000	107,964	112,968	220,932
Volunteer Fire Equipment	547,908	547,908	-	53,027	53,027
Water Department	500,000	500,000	-	-	-
Development Authority Projects	550,000	550,000	-	-	-
County Department Equipment	132,000	132,000	35,614	36,554	72,168
E-911 Services Equipment	45,000	45,000	19,125	-	19,125
Recreational Facilities	370,000	370,000	30,954	10,000	40,954
Tax Assessor Equipment	80,000	80,000	-	26,833	26,833
Project Chamber of Commerce	350,000	350,000	-	-	-
City of Darien Projects	2,040,000	2,040,000	234,047	255,808	489,855
Totals	\$ 10,200,000	\$ 10,200,000	\$ 627,681	\$ 820,104	\$ 1,447,785

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 \$46,202.

MCINTOSH COUNTY, GEORGIA

AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

The following agency funds are used to account for fines, fees and other monies 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
Sheriff

MCINTOSH COUNTY, GEORGIA

COMBINING ASSETS AND LIABILITIES
AGENCY FUNDS

SEPTEMBER 30, 2018

ASSETS	Tax Commissioner	Clerk of Courts	Probate - Magistrate Court	Sheriff	Jail Inmate	Total
Cash	\$ 395,655	\$ 376,630	\$ 12,868	\$ 16,713	\$ 1,285	\$ 803,151
Taxes receivable	\$ 935,941	-	-	-	-	\$ 935,941
Total assets	<u>\$ 1,331,596</u>	<u>\$ 376,630</u>	<u>\$ 12,868</u>	<u>\$ 16,713</u>	<u>\$ 1,285</u>	<u>\$ 1,739,092</u>
LIABILITIES						
Due to others	\$ 395,655	\$ 376,630	\$ 12,868	\$ 16,713	\$ 1,285	\$ 803,151
Uncollected taxes	\$ 935,941	-	-	-	-	\$ 935,941
Total liabilities	<u>\$ 1,331,596</u>	<u>\$ 376,630</u>	<u>\$ 12,868</u>	<u>\$ 16,713</u>	<u>\$ 1,285</u>	<u>\$ 1,739,092</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with 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, 2018, and the related notes to the financial statements, which collectively comprise McIntosh County, Georgia's basic financial statements and have issued our report thereon dated March 27, 2019. Our report includes a reference to other auditors who audited the financial statements of the McIntosh County Health Department, as described in our report on McIntosh County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we considered to be significant deficiency.

Compliance and Other Matters

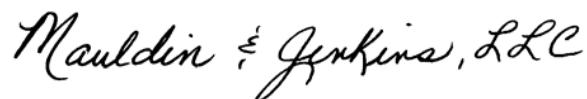
As part of obtaining reasonable assurance about whether McIntosh County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

McIntosh County, Georgia's Responses to Findings

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

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin" and "Jenkins" connected by a horizontal line.

Macon, Georgia

March 27, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**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 (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2018. The County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the County'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 of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types on compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

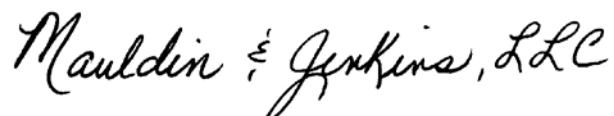
Report on Internal Control Over Compliance

Management of the County 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 the County'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 the Uniform Guidance, 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 the County'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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Macon, Georgia
March 27, 2019

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Passed through Criminal Justice Coordinating Council				
Crime Victim Assistance	16.575	N/A	71,083	-
Total U.S. Department of Justice			<u>71,083</u>	-
U.S. Department of Homeland Security				
Passed through Georgia Emergency Management Agency				
Emergency Management Performance Grant	97.042	OEM17-100	18,887	-
Disaster Grant - Public Assistance	97.036	FEMA-4338-DR-GA	2,468,466	-
Total U.S. Department of Homeland Security			<u>2,487,353</u>	-
Total Expenditures of Federal Awards			<u><u>\$ 2,558,436</u></u>	<u><u>\$ -</u></u>

MCINTOSH COUNTY, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding \$750,000. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended September 30, 2018.

De-Minimis Indirect Cost Rate

During 2018, the County did not use the de-minimis indirect cost rate.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I SUMMARY OF AUDIT 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 Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
97.036	U.S. Department of Homeland Security Disaster Grant – Public Assistance

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018 – 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.

We also noted the McIntosh County Manager currently is a check signer and prepares the monthly bank reconciliations. Considering the over-arching responsibilities of the McIntosh County Manager, we recommend the bank reconciliation duties be assigned to another individual and the County Manager be responsible for performing a review of the bank reconciliations once they are prepared.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the required duties.

Recommendation: The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

MCINTOSH COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS SEPTEMBER 30, 2018

2017 – 001. 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: During fiscal year 2017, the County did not properly record revenues, receivables, and unavailable revenue as of and for the year ended September 30, 2017. Consequently, the respective revenues, receivables, and unavailable revenue of various funds were not properly stated and reflected as of and for the year ended September 30, 2017, and audit adjustments were required to correct such amounts and balances.

Auditee Response/Status: Resolved.

2017 – 002. 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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2018 – 001.