

**MCINTOSH COUNTY, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

**MCINTOSH COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **McIntosh County, Georgia (the "County")**, as of and for the year ended September 30, 2019, 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 ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

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***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2019, 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 GAAP.

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

GAAP requires 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 51), and the Schedule of County Contributions (on page 52) 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 ("GASB") 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 GAAP 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 the County's, basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax ("SPLOST") proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2020, on our consideration of the County'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 solely 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 the 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*

Savannah, Georgia  
April 1, 2020

# MCINTOSH COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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As County Manager of McIntosh County, Georgia, I offer readers of the County's financial statements this narrative overview and analysis of the financial activities of McIntosh County for the year ended September 30, 2019. 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 2019 is the fourteenth 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 2019 are as follows:

#### Government-wide Financial Statements:

- At September 30, 2019, McIntosh County's assets exceeded its liabilities by \$26,358,441 (net position).
- The County's \$20,611,516 net investment in capital assets leaves the County with \$5,746,925 in net position of which \$2,763,452 is restricted.
- McIntosh County's total net position increased from \$25,756,328 in the prior year to \$26,358,441 in the current year, for a total increase of \$602,113, or 2.34%.
- McIntosh County's revenues for fiscal year 2019 totaled \$18,405,120. Of this amount, 28% are property tax revenues, 13% are sales tax revenues, 4% are other tax revenues, 40% are charges for services, 11% are grant revenues, and the remaining 4% are other revenues. This is a 3% decrease over fiscal year 2018 revenues.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- McIntosh County's total program expenses for fiscal year 2019 totaled \$17,803,007. Of this amount, 46% are public safety expenses, 14% are general governmental expenses, 7% are judicial expenses, 9% are public works expenses, 10% are solid waste, and the remaining 14% are other expenses. This is a 7.8% decrease over fiscal year 2018 expenses.

### Governmental Funds Financial Statements:

- McIntosh County's governmental funds recorded total assets of \$10,180,179 for fiscal year ended September 30, 2019. This amount is over the total governmental funds liabilities and deferred inflow of resources by \$9,012,532 (fund balance).
- Total governmental fund's fund balances for fiscal year ended September 30, 2019 increased by \$472,814 from the previous year. This increase was a result of a \$548,252 increase in the General Fund, and a \$75,438 decrease in Other Governmental Funds.
- Total governmental fund balance of \$9,012,532 consists of \$1,045,982 nonspendable, \$2,613,505 restricted, \$119,580 committed, and \$5,233,465 unassigned.
- Due to total revenues for the general fund being over budget by \$700,762, or approximately 6%, total expenditures for the general fund being under budget by \$157,501, or approximately 1%, the County experienced an increase in the fund balance of approximately 5% 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 ("MD&A") helps highlight and emphasize in plain language, the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of McIntosh County, Georgia.

### Reporting on the County as a Whole

The model of financial reporting, which includes the statement of net position and the statement of activities beginning on page 12, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture all assets and liabilities using the *accrual basis of accounting*. This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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In the statement of net position and statement of activities, the County is presented in three distinct activities:

- **Governmental activities** – This section reports most of the familiar governmental services: general government, judicial, public safety, public works, health and welfare, culture and recreation, housing and development, and interest on long-term debt. The majority of funding for these programs comes from property taxes, sales tax, charges for services and fines and forfeitures.
- **Business-type activities** – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.
- **Component units** – There is one component unit included in the report related to McIntosh County Health Department. Although this unit is a legally separate entity, it is important because the County has a significant financial interest in this unit.

### Reporting on the County's Most Significant Funds

The fund financial statements beginning on page 15 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by state law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: governmental, proprietary and fiduciary.

- **Governmental funds** – As you might expect, most of the familiar governmental services (general government, judiciary, public safety, public works, health and welfare, culture and recreation, housing and development, and interest on long-term debt) are captured and reported in governmental funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The governmental funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- **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 the County. 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, 2019 and 2018.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 9,737,001	\$ 9,182,151	\$ 165,932	\$ 31,966	\$ 9,902,933	\$ 9,214,117
Capital assets	15,533,464	14,991,987	11,478,180	11,795,112	27,011,644	26,787,099
Total assets	<u>25,270,465</u>	<u>24,174,138</u>	<u>11,644,112</u>	<u>11,827,078</u>	<u>36,914,577</u>	<u>36,001,216</u>
Deferred outflow s of resources	<u>730,242</u>	<u>311,523</u>	<u>24,344</u>	<u>14,050</u>	<u>754,586</u>	<u>325,573</u>
Long-term liabilities	2,157,364	1,562,672	8,199,523	8,097,786	10,356,887	9,660,458
Other liabilities	599,299	488,536	222,983	284,341	822,282	772,877
Total liabilities	<u>2,756,663</u>	<u>2,051,208</u>	<u>8,422,506</u>	<u>8,382,127</u>	<u>11,179,169</u>	<u>10,433,335</u>
Net position:						
Net investment in capital assets	15,368,387	14,748,004	5,243,129	5,461,647	20,611,516	20,209,651
Restricted	2,613,505	2,676,115	149,947	149,667	2,763,452	2,825,782
Unrestricted (deficit)	5,134,843	4,879,125	(2,151,370)	(2,158,230)	2,983,473	2,720,895
Total net position	<u>\$ 23,116,735</u>	<u>\$ 22,303,244</u>	<u>\$ 3,241,706</u>	<u>\$ 3,453,084</u>	<u>\$ 26,358,441</u>	<u>\$ 25,756,328</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 \$26,358,441 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (78%) 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 \$2,983,473) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table summarizes the changes in net position for the primary government for the fiscal years ended September 30, 2019 and 2018.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,863,599	\$ 4,801,376	\$ 2,460,424	\$ 1,999,545	\$ 7,324,023	\$ 6,800,921
Operating grants	1,013,640	1,039,995	-	-	1,013,640	1,039,995
Capital grants	939,237	2,568,602	-	-	939,237	2,568,602
General revenues:						
Property taxes	5,088,988	5,002,041	-	-	5,088,988	5,002,041
Sales taxes	2,358,565	2,239,289	-	-	2,358,565	2,239,289
Business taxes	859,080	798,246	-	-	859,080	798,246
Other taxes	804,530	559,893	-	-	804,530	559,893
Unrestricted investment earnings	15,326	12,296	1,731	732	17,057	13,028
Total revenues	15,942,965	17,021,738	2,462,155	2,000,277	18,405,120	19,022,015
Program expenses:						
General government	2,550,233	2,287,838	-	-	2,550,233	2,287,838
Judicial	1,276,301	1,400,411	-	-	1,276,301	1,400,411
Public safety	8,216,046	10,217,020	-	-	8,216,046	10,217,020
Public works	1,611,980	1,693,243	-	-	1,611,980	2,915,573
Health and welfare	157,162	149,392	-	-	157,162	149,392
Culture and recreation	770,934	664,193	-	-	770,934	664,193
Housing and development	482,493	445,673	-	-	482,493	445,673
Interest	9,877	11,035	-	-	9,877	11,035
Water	-	-	918,284	811,788	918,284	811,788
Solid waste	-	-	1,809,697	1,620,600	1,809,697	1,620,600
Total expenses	15,075,026	16,868,805	2,727,981	2,432,388	17,803,007	20,523,523
Excess (deficiency)	867,939	152,933	(265,826)	(432,111)	602,113	(279,178)
Transfers	(54,448)	(36,965)	54,448	36,965	-	-
Changes in net position	813,491	115,968	(211,378)	(395,146)	602,113	(279,178)
Net position - beg. of year	22,303,244	22,187,276	3,453,084	3,848,230	25,756,328	26,035,506
Net position - end of year	\$ 23,116,735	\$ 22,303,244	\$ 3,241,706	\$ 3,453,084	\$ 26,358,441	\$ 25,756,328

Excluding transfers, total revenues for governmental activities exceeded total expenses by \$867,939. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to charges for services, \$4,863,599 or 31%, and property taxes of \$5,088,988 or 32%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety at \$8,216,046 or 55%, with the second largest expense attributable to general government, reporting expenses of \$2,550,233 or 17%.

### Governmental Activities

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

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 2,550,233	\$ 2,287,838	\$ 2,113,038	\$ 1,837,719
Judicial	1,276,301	1,400,411	1,276,301	1,400,411
Public safety	8,216,046	10,217,020	3,399,399	5,481,954
Public works	1,611,980	1,693,243	727,131	(856,472)
Health and welfare	157,162	149,392	32,973	44,171
Culture and recreation	770,934	664,193	656,864	643,232
Housing and development	482,493	445,673	42,967	(103,218)
Interest on long-term debt	9,877	11,035	9,877	11,035
Totals	<u>\$ 15,075,026</u>	<u>\$ 16,868,805</u>	<u>\$ 8,258,550</u>	<u>\$ 8,458,832</u>

As noted in the above table, governmental programs fell \$8,258,550 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, 2019.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **The County's Major Governmental Funds**

At the end of fiscal year 2019, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of \$9,012,532. This balance increased by \$472,814 from prior year's balance.

The County's total governmental fund balance of \$9,012,532 is divided into four categories: nonspendable of \$1,045,982; restricted of \$2,613,505; and committed of \$119,580. The unassigned fund balance is \$5,233,465 that is available for use to meet current ongoing obligations of the County.

Revenues for the general fund totaled \$12,817,627, or approximately 80% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. Of this amount, \$5,126,979 (or 40%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures revenues, \$2,900,645, or 23%.

Expenditures for the General Fund totaled \$12,165,967 (not including Other Financing Sources). Revenues exceeded expenditures by \$651,660.

### **General Fund Budgetary Highlights**

Total revenues in the general fund were over budget by \$700,762, or approximately 6%. 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, \$106,178 is reported in the line item of property taxes.

General Fund expenditures (not including other financing sources) for the year ended September 30, 2019, were under budget by \$157,501, or approximately 1%.

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

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$27,011,644 (net of accumulated depreciation). This is an increase of \$224,545 from last year. The increase is due to the purchase of capital assets and CIP additions. Table 4 is summary data of capital assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 958,877	\$ 214,793	\$ 1,173,670
Construction in progress	230,496	-	230,496
Buildings	6,783,729	83,845	6,867,574
Machinery and equipment	2,533,723	633,917	3,167,640
Infrastructure	5,026,639	-	5,026,639
Water system	-	10,527,167	10,527,167
Landfill	-	18,458	18,458
Totals	<u>\$ 15,533,464</u>	<u>\$ 11,478,180</u>	<u>\$ 27,011,644</u>

It should be noted that the majority of the capital assets in McIntosh County have been obtained through the use of Special Purpose Local Option Sales Tax ("SPLOST"). Currently, the County is 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 38 and 39.

At year-end, the County had a total \$10,670,898 in outstanding long-term liabilities which includes \$1,996,872 in closure and post-closure care costs for the McIntosh County Landfill Fund, \$6,235,051 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 39 – 42.

### Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing FY 2020 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 the 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,202,954	\$ 733,540	\$ 7,936,494	\$ 319,074
Taxes receivable, net	403,576	-	403,576	-
Accounts receivable, net	115,571	200,625	316,196	23,173
Notes receivable	314,097	-	314,097	-
Internal balances	768,233	(768,233)	-	-
Due from other governments	604,989	-	604,989	45,883
Prepaid expenses	327,581	-	327,581	-
Capital assets, non-depreciable	1,189,373	214,793	1,404,166	-
Capital assets, depreciable, net of accumulated depreciation	14,344,091	11,263,387	25,607,478	10,666
Total assets	25,270,465	11,644,112	36,914,577	398,796
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	730,242	24,344	754,586	231,493
OPEB	-	-	-	39,776
Total deferred outflows of resources	730,242	24,344	754,586	271,269
<b>LIABILITIES</b>				
Accounts and retainage payable	198,785	36,092	234,877	55,801
Accrued liabilities	176,268	15,406	191,674	-
Due to other governments	19,517	-	19,517	18,075
Customer deposits	-	62,203	62,203	-
Capital leases due within one year	59,275	-	59,275	-
Capital leases due in more than one year	105,802	-	105,802	-
Bond payable due within one year	-	101,520	101,520	-
Bond payable due in more than one year	-	6,133,531	6,133,531	-
Compensated absences due within one year	145,454	7,762	153,216	6,126
Compensated absences due in more than one year	36,364	1,940	38,304	24,505
Closure and post-closure care cost	-	1,996,872	1,996,872	-
Net pension liability due in more than one year	2,015,198	67,180	2,082,378	278,194
Net OPEB liability due in more than one year	-	-	-	144,357
Total liabilities	2,756,663	8,422,506	11,179,169	527,058
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	127,309	4,244	131,553	6,411
OPEB	-	-	-	114,069
Total deferred inflows of resources	127,309	4,244	131,553	120,480
<b>NET POSITION</b>				
Net investment in capital assets	15,368,387	5,243,129	20,611,516	10,666
Restricted for:				
Judicial	579,359	-	579,359	-
Public safety	528,663	-	528,663	-
Economic development	319,784	-	319,784	-
Capital outlay	842,464	-	842,464	-
Tourism	343,235	-	343,235	-
Special use	-	-	-	123,784
Debt service	-	149,947	149,947	-
Unrestricted	5,134,843	(2,151,370)	2,983,473	(111,923)
Total net position	\$ 23,116,735	\$ 3,241,706	\$ 26,358,441	\$ 22,527

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



# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,550,233	\$ 437,195	\$ -	\$ -
Judicial	1,276,301	-	-	-
Public safety	8,216,046	4,409,379	388,481	18,787
Public works	1,611,980	-	-	884,849
Health and welfare	157,162	-	88,588	35,601
Culture and recreation	770,934	17,025	97,045	-
Housing and development	482,493	-	439,526	-
Interest on long-term debt	9,877	-	-	-
Total governmental activities	<u>15,075,026</u>	<u>4,863,599</u>	<u>1,013,640</u>	<u>939,237</u>
Business-type activities:				
Water	918,284	819,592	-	-
Solid waste	1,809,697	1,640,832	-	-
Total business-type activities	<u>2,727,981</u>	<u>2,460,424</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,803,007</u>	<u>\$ 7,324,023</u>	<u>\$ 1,013,640</u>	<u>\$ 939,237</u>
<b>Component unit:</b>				
Board of Health	\$ 218,441	\$ 123,493	\$ 248,585	\$ -
Total component unit	<u>\$ 218,441</u>	<u>\$ 123,493</u>	<u>\$ 248,585</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
\$ (2,113,038)	\$ -	\$ (2,113,038)	\$ -
(1,276,301)	-	(1,276,301)	-
(3,399,399)	-	(3,399,399)	-
(727,131)	-	(727,131)	-
(32,973)	-	(32,973)	-
(656,864)	-	(656,864)	-
(42,967)	-	(42,967)	-
(9,877)	-	(9,877)	-
(8,258,550)	-	(8,258,550)	-
-	(98,692)	(98,692)	-
-	(168,865)	(168,865)	-
-	(267,557)	(267,557)	-
\$ (8,258,550)	\$ (267,557)	\$ (8,526,107)	\$ -
\$ -	\$ -	\$ -	\$ 153,637
-	-	-	153,637
5,088,988	-	5,088,988	-
2,358,565	-	2,358,565	-
859,080	-	859,080	-
804,530	-	804,530	-
15,326	1,731	17,057	-
-	-	-	106,395
(54,448)	54,448	-	-
9,072,041	56,179	9,128,220	106,395
813,491	(211,378)	602,113	260,032
22,303,244	3,453,084	25,756,328	(237,505)
\$ 23,116,735	\$ 3,241,706	\$ 26,358,441	\$ 22,527

# MCINTOSH COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

	General	Nonmajor Governmental Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,161,179	\$ 2,041,775	\$ 7,202,954
Taxes receivable, net	392,942	10,634	403,576
Accounts receivable	71,751	43,820	115,571
Notes receivable	-	314,097	314,097
Due from other funds	119,608	380,052	499,660
Due from other governments	432,999	171,990	604,989
Prepaid items	327,581	-	327,581
Advances to other funds	718,401	-	718,401
Total assets	<u>\$ 7,224,461</u>	<u>\$ 2,962,368</u>	<u>\$ 10,186,829</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts and retainage payable	\$ 52,238	\$ 146,547	\$ 198,785
Accrued expenses	172,746	-	172,746
Due to other funds	380,052	69,776	449,828
Due to other governments	-	19,517	19,517
Total liabilities	<u>605,036</u>	<u>235,840</u>	<u>840,876</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue - property taxes	333,421	-	333,421
Total deferred inflow of resources	<u>333,421</u>	<u>-</u>	<u>333,421</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	327,581	-	327,581
Advances to other funds	718,401	-	718,401
Restricted for:			
Judicial	-	579,359	579,359
Public safety	-	528,663	528,663
Economic development	-	319,784	319,784
Capital outlay	-	842,464	842,464
Tourism	-	343,235	343,235
Committed to:			
Public safety	-	119,580	119,580
Unassigned	5,240,022	(6,557)	5,233,465
Total fund balances	<u>6,286,004</u>	<u>2,726,528</u>	<u>9,012,532</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 7,224,461</u>	<u>\$ 2,962,368</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			15,533,464
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			333,421
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.			602,933
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(350,417)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.			(2,015,198)
Net position of governmental activities			<u>\$ 23,116,735</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, 2019

	General	Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Property taxes	\$ 5,126,979	\$ -	\$ 5,126,979
Sales taxes	1,011,004	1,347,561	2,358,565
Business taxes	859,080	-	859,080
Other taxes	601,084	203,446	804,530
Licenses and permits	120,613	-	120,613
Intergovernmental	1,310,817	642,059	1,952,876
Charges for services	751,689	266,576	1,018,265
Fines and forfeitures	2,900,645	698,148	3,598,793
Interest	10,007	5,319	15,326
Other revenues	125,709	220	125,929
Total revenues	<u>12,817,627</u>	<u>3,163,329</u>	<u>15,980,956</u>
<b>Expenditures</b>			
Current:			
General government	2,260,076	2,828	2,262,904
Judicial	1,210,758	37,420	1,248,178
Public safety	6,397,168	1,205,937	7,603,105
Public works	1,379,397	-	1,379,397
Health and welfare	145,632	-	145,632
Culture and recreation	429,588	250,440	680,028
Housing and development	343,348	136,554	479,902
Intergovernmental	-	382,281	382,281
Capital outlay	-	1,239,910	1,239,910
Debt service:			
Principal	-	78,906	78,906
Interest	-	7,899	7,899
Total expenditures	<u>12,165,967</u>	<u>3,342,175</u>	<u>15,508,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>651,660</u>	<u>(178,846)</u>	<u>472,814</u>
<b>Other financing sources (uses)</b>			
Transfers in	52,915	156,323	209,238
Transfers out	(156,323)	(52,915)	(209,238)
Total other financing sources (uses)	<u>(103,408)</u>	<u>103,408</u>	<u>-</u>
Net change in fund balances	548,252	(75,438)	472,814
<b>Fund balances, beginning of year</b>	<u>5,737,752</u>	<u>2,801,966</u>	<u>8,539,718</u>
<b>Fund balances, end of year</b>	<u>\$ 6,286,004</u>	<u>\$ 2,726,528</u>	<u>\$ 9,012,532</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, 2019

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

Net change in fund balances - total governmental funds	\$ 472,814
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.	625,719
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net position. This is the net book value of assets transferred to business-type activities.	(54,448)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues changed during the year by this amount.	(37,991)
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.	78,906
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. This is the loss on disposal of capital assets.	(29,794)
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.	(241,715)
Change in net position - governmental activities	<u>\$ 813,491</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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes	\$ 5,233,157	\$ 5,233,157	\$ 5,126,979	\$ (106,178)
Sales taxes	922,564	922,564	1,011,004	88,440
Business taxes	853,483	853,483	859,080	5,597
Other taxes	445,852	445,852	601,084	155,232
Licenses and permits	112,347	112,347	120,613	8,266
Intergovernmental	1,013,410	1,313,410	1,310,817	(2,593)
Charges for services	735,747	735,747	751,689	15,942
Fines and forfeitures	2,461,729	2,461,729	2,900,645	438,916
Interest income	4,506	4,506	10,007	5,501
Other revenues	34,070	34,070	125,709	91,639
Total revenues	11,816,865	12,116,865	12,817,627	700,762
<b>Expenditures</b>				
<b>Current:</b>				
General government:				
Elections	189,043	187,340	197,340	(10,000)
Financial administration	734,631	805,190	805,190	-
Tax commissioner	387,227	367,227	366,853	374
Tax assessor	474,584	459,584	469,203	(9,619)
General government buildings and plant	347,603	402,530	402,530	-
Board of equalization	18,351	18,960	18,960	-
Total general government	2,151,439	2,240,831	2,260,076	(19,245)
Judicial:				
Superior court	453,067	453,750	453,750	-
State court	511,883	511,883	503,167	8,716
Probate-magistrate court	241,524	242,965	251,385	(8,420)
District Attorney	2,480	2,480	2,456	24
Total judicial	1,208,954	1,211,078	1,210,758	320
Public safety:				
Sheriff	3,158,159	3,158,159	3,012,235	145,924
Jail operations	1,708,267	1,779,227	1,779,227	-
Fire	182,051	241,532	241,532	-
Ambulance services	997,665	997,665	982,090	15,575
Coroner	45,632	49,158	49,158	-
Emergency management	116,186	156,102	156,102	-
Animal shelter	189,461	189,461	176,824	12,637
Total public safety	6,397,421	6,571,304	6,397,168	174,136
Public works:				
Roads and bridges	1,348,984	1,379,397	1,379,397	-
Total public works	1,348,984	1,379,397	1,379,397	-

(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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Expenditures</b>				
<b>Current:</b>				
Health and welfare:				
Health	\$ 52,080	\$ 52,080	\$ 52,080	\$ -
Mosquito control	15,000	21,648	21,648	-
Welfare	14,040	14,040	14,040	-
Family connections	55,000	57,864	57,864	-
Total health and welfare	<u>136,120</u>	<u>145,632</u>	<u>145,632</u>	<u>-</u>
Culture and recreation:				
Leisure services	343,892	366,453	366,453	-
Library	63,000	63,135	63,135	-
Total culture and recreation	<u>406,892</u>	<u>429,588</u>	<u>429,588</u>	<u>-</u>
Housing and development:				
County extension	93,306	83,306	53,980	29,326
Protective inspection	170,392	132,392	159,428	(27,036)
Economic opportunity	109,960	129,940	129,940	-
Total housing and development	<u>373,658</u>	<u>345,638</u>	<u>343,348</u>	<u>2,290</u>
Total expenditures	<u>12,023,468</u>	<u>12,323,468</u>	<u>12,165,967</u>	<u>157,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(206,603)</u>	<u>(206,603)</u>	<u>651,660</u>	<u>858,263</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	5,000	5,000	-	(5,000)
Transfers in	201,603	201,603	52,915	(148,688)
Transfers out	-	-	(156,323)	(156,323)
Total other financing sources, net	<u>206,603</u>	<u>206,603</u>	<u>(103,408)</u>	<u>(310,011)</u>
Net change in fund balances	-	-	548,252	548,252
<b>Fund balance, beginning of year</b>	<u>5,737,752</u>	<u>5,737,752</u>	<u>5,737,752</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,737,752</u>	<u>\$ 5,737,752</u>	<u>\$ 6,286,004</u>	<u>\$ 548,252</u>

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2019

ASSETS	Water Fund	Solid Waste Fund	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 635,433	\$ 98,107	\$ 733,540
Accounts receivable, net of allowances	102,404	98,221	200,625
Due from other funds	2,250	-	2,250
Total current assets	740,087	196,328	936,415
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Nondepreciable	90,103	124,690	214,793
Depreciable, net of accumulated depreciation	10,558,582	704,805	11,263,387
Total noncurrent assets	10,648,685	829,495	11,478,180
Total assets	11,388,772	1,025,823	12,414,595
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	8,108	16,236	24,344
Total deferred outflows of resources	8,108	16,236	24,344
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	8,124	27,968	36,092
Accrued expenses	15,406	-	15,406
Due to other funds	52,082	-	52,082
Customer deposits	62,203	-	62,203
Current portion - compensated absences	3,433	4,329	7,762
Current portion - bond payable	101,520	-	101,520
Total current liabilities	242,768	32,297	275,065
<b>LONG-TERM LIABILITIES</b>			
Advance from other funds	-	718,401	718,401
Compensated absences, net of current portion	858	1,082	1,940
Accrued landfill closure/post-closure care costs	-	1,996,872	1,996,872
Bond payable, net of current portion	6,133,531	-	6,133,531
Net pension liability	22,376	44,804	67,180
Total long-term liabilities	6,156,765	2,761,159	8,917,924
Total liabilities	6,399,533	2,793,456	9,192,989
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	1,414	2,830	4,244
Total deferred outflows of resources	1,414	2,830	4,244
<b>NET POSITION</b>			
Net investment in capital assets	4,413,634	829,495	5,243,129
Restricted for:			
Debt service	149,947	-	149,947
Unrestricted	432,352	(2,583,722)	(2,151,370)
Total net position	\$ 4,995,933	\$ (1,754,227)	\$ 3,241,706

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, 2019

	<b>Water Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 782,396	\$ 1,640,832	\$ 2,423,228
Miscellaneous	37,196	-	37,196
Total operating revenues	<u>819,592</u>	<u>1,640,832</u>	<u>2,460,424</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	176,087	232,255	408,342
Cost of sales and services	124,320	1,357,412	1,481,732
Supplies	106,575	71,258	177,833
Depreciation	275,492	148,772	424,264
Total operating expenses	<u>682,474</u>	<u>1,809,697</u>	<u>2,492,171</u>
Operating income (loss)	<u>137,118</u>	<u>(168,865)</u>	<u>(31,747)</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Interest income	1,131	600	1,731
Interest expense	(235,810)	-	(235,810)
Total nonoperating income (expenses)	<u>(234,679)</u>	<u>600</u>	<u>(234,079)</u>
Loss before capital contributions	<u>(97,561)</u>	<u>(168,265)</u>	<u>(265,826)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>54,448</u>	<u>54,448</u>
Change in net position	(97,561)	(113,817)	(211,378)
<b>NET POSITION, beginning of year</b>	<u>5,093,494</u>	<u>(1,640,410)</u>	<u>3,453,084</u>
<b>NET POSITION, end of year</b>	<u>\$ 4,995,933</u>	<u>\$ (1,754,227)</u>	<u>\$ 3,241,706</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, 2019

	Water Fund	Solid Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 818,964	\$ 1,639,616	\$ 2,458,580
Payments to suppliers	(214,567)	(1,280,445)	(1,495,012)
Payments to employees	(182,648)	(229,168)	(411,816)
Net cash provided by operating activities	421,749	130,003	551,752
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on bonds payable	(98,414)	-	(98,414)
Payments for capital assets	-	(52,884)	(52,884)
Interest paid	(235,810)	-	(235,810)
Net cash used in capital and related financing activities	(334,224)	(52,884)	(387,108)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,131	600	1,731
Net cash provided by investing activities	1,131	600	1,731
Net increase in cash and cash equivalents	88,656	77,719	166,375
<b>Cash and cash equivalents</b>			
Beginning of year	546,777	20,388	567,165
End of year	\$ 635,433	\$ 98,107	\$ 733,540
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 137,118	\$ (168,865)	\$ (31,747)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	275,492	148,772	424,264
Change in assets and liabilities:			
Increase in accounts receivable	(628)	(1,216)	(1,844)
Increase in deferred outflows of resources	(2,084)	(8,210)	(10,294)
Decrease in accounts payable	(6,134)	(76,165)	(82,299)
Increase in due to other funds	6,867	-	6,867
Increase in customer deposits	15,595	-	15,595
Increase in advance from other funds	-	27,386	27,386
Increase in compensated absences	631	2,168	2,799
Increase (decrease) in net pension liability	(3,985)	9,679	5,694
Increase in landfill closure and postclosure costs	-	197,004	197,004
Decrease in deferred inflows of resources	(1,123)	(550)	(1,673)
Net cash provided by operating activities	\$ 421,749	\$ 130,003	\$ 551,752
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from governmental activities	\$ -	\$ 54,448	\$ 54,448

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

# MCINTOSH COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS SEPTEMBER 30, 2019

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		Agency Funds
ASSETS		
Cash		\$ 917,062
Taxes receivable		890,545
Total assets		<u>\$ 1,807,607</u>
LIABILITIES		
Due to others		\$ 917,062
Uncollected taxes		890,545
Total liabilities		<u>\$ 1,807,607</u>

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

# MCINTOSH COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McIntosh County, Georgia (the "County") was created by legislative act in 1793 and operates under a County Commissioner/County Manager form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, economic development and general administrative services.

The County is governed by a five-member Board of Commissioners. Four members represent a geographical district within the County, while the Chairman represents the County at large. There are additional officers elected countywide. State law pertaining to county government provides for the independent election of these county officials. The officials are all part of the County's legal entity and include the Sheriff, Tax Commissioner, State Court Judges, Probate-Magistrate Court Judge, and Clerk of Courts. The offices of the independently elected officials are not separate from the County and are, therefore, reported as part of the County.

The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

#### **A. Reporting Entity**

As required by GAAP, 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

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### 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

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### 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 the 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

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

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

The **agency funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amounts, which reasonably estimates fair value.

## NOTES TO FINANCIAL STATEMENTS

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

#### **E. Short-Term Interfund Receivables/Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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.



## NOTES TO FINANCIAL STATEMENTS

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

#### G. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

<b>Primary Government</b>	
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

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

#### J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The 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. 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.

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualified for reporting in this category. The first, 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. Second, experience gains and losses result from periodic studies by the County's actuaries which adjust the net pension liability for actual experiences for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains and losses are recorded as deferred inflows of resources and are amortized over the expected remaining service lives of plan members.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Fund Equity (Continued)

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Net position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

#### M. Management Estimates

The preparation of financial statements in conformity with GAAP 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

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### 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	\$ (3,522)
Capital lease payable	(165,077)
Compensated absences	<u>(181,818)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (350,417)</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	\$ 1,668,542
Depreciation expense	<u>(1,042,823)</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>\$ 625,719</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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	\$ (1,978)
Compensated absences	(10,488)
Change in net pension liability and related deferred outflows and inflows of resources	<u>(229,249)</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>\$ (241,715)</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

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### 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, 2018 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, 2019, the following departments of the general fund had excess of actual expenditures over appropriations. The over-expenditures were funded by under-expenditures in other departments:

	<u>Excess</u>
Elections	\$ 10,000
Tax assessor	9,619
Probate-magistrate court	8,420
Protective inspection	27,036

#### D. Deficit Fund Balance/Net Position

The following funds reported a deficit net position of fund balance for the fiscal year ended September 30, 2019: Solid Waste Fund's deficit net position of \$1,754,227, the CDBG Water System Fund's deficit fund balance of \$4,307, and the 2005 SPLOST Fund's deficit fund balance of \$2,250. The Solid Waste deficit is intended to be eliminated through increased user charges or interfund transfers. The other deficits will be eliminated through transfers from the general fund.

### NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2019, are summarized as follows:

As reported in the Statement of Net Position:

Cash and cash equivalents - Primary Government	\$ 7,936,494
Cash and cash equivalents - Agency Funds	917,062
	<u>\$ 8,853,556</u>
Cash deposited with financial institutions	<u>\$ 8,853,556</u>

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CASH AND INVESTMENTS (CONTINUED)

**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, 2019, \$94,031 of the County's deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

### NOTE 5. RECEIVABLES

Receivables consisted of the following at September 30, 2019, for the County's individual major funds and nonmajor funds in the aggregate:

	General	Nonmajor Governmental Funds	Water Fund	Solid Waste Fund	Total
Receivables:					
Taxes	\$ 592,486	\$ 10,634	\$ -	\$ -	\$ 603,120
Accounts	71,751	43,820	179,903	125,027	420,501
Notes	-	314,097	-	-	314,097
Gross receivables	664,237	368,551	179,903	125,027	1,337,718
Less allowance for uncollectibles	(199,544)	-	(77,499)	(26,806)	(303,849)
Net total receivable	<u>\$ 464,693</u>	<u>\$ 368,551</u>	<u>\$ 102,404</u>	<u>\$ 98,221</u>	<u>\$ 1,033,869</u>

Property taxes attached as an enforceable lien on property as of January 1, 2018. Property taxes were levied on September 19, 2018, and payable on or before December 5, 2018. The County bills and collects its own property taxes. Property taxes levied for 2018 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2019, and collected by November 30, 2019, are recognized as revenues in the year ended September 30, 2019. Net receivables estimated to be collected subsequent to November 30, 2019, 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, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 841,042	\$ 117,835	\$ -	\$ -	\$ 958,877
Construction in progress	1,102,580	720,655	-	(1,592,739)	230,496
Total capital assets, not being depreciated	1,943,622	838,490	-	(1,592,739)	1,189,373
Capital assets, being depreciated:					
Buildings	10,953,919	124,405	-	-	11,078,324
Machinery and equipment	8,555,277	594,337	(354,498)	(54,448)	8,740,668
Infrastructure	32,440,571	111,310	-	1,592,739	34,144,620
Total capital assets, being depreciated	51,949,767	830,052	(354,498)	1,538,291	53,963,612
Less accumulated depreciation for:					
Buildings	(4,008,367)	(286,228)	-	-	(4,294,595)
Machinery and equipment	(6,045,714)	(485,935)	324,704	-	(6,206,945)
Infrastructure	(28,847,321)	(270,660)	-	-	(29,117,981)
Total accumulated depreciation	(38,901,402)	(1,042,823)	324,704	-	(39,619,521)
Total capital assets, being depreciated, net	13,048,365	(212,771)	(29,794)	1,538,291	14,344,091
Governmental activities capital assets, net	<u>\$ 14,991,987</u>	<u>\$ 625,719</u>	<u>\$ (29,794)</u>	<u>\$ (54,448)</u>	<u>\$ 15,533,464</u>
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 214,793	\$ -	\$ -	\$ -	\$ 214,793
Total capital assets, not being depreciated	214,793	-	-	-	214,793
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	1,730,987	52,884	-	54,448	1,838,319
Water system	12,735,689	-	-	-	12,735,689
Landfill	757,304	-	-	-	757,304
Total	15,398,439	52,884	-	54,448	15,505,771
Less accumulated depreciation for:					
Building and improvements	(82,290)	(8,324)	-	-	(90,614)
Machinery and equipment	(1,078,875)	(125,527)	-	-	(1,204,402)
Water system	(1,943,239)	(265,283)	-	-	(2,208,522)
Landfill	(713,716)	(25,130)	-	-	(738,846)
Total	(3,818,120)	(424,264)	-	-	(4,242,384)
Total capital assets, being depreciated, net	11,580,319	(371,380)	-	54,448	11,263,387
Business-type activities capital assets, net	<u>\$ 11,795,112</u>	<u>\$ (371,380)</u>	<u>\$ -</u>	<u>\$ 54,448</u>	<u>\$ 11,478,180</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	\$ 42,085
Judicial	9,781
Public safety	561,853
Public works	249,893
Health and welfare	11,530
Culture and recreation	167,681
Total depreciation expense - governmental activities	<u>\$ 1,042,823</u>
Business-type activities	
Water Fund	\$ 275,492
Solid Waste Fund	148,772
Total depreciation expense - business-type activities	<u>\$ 424,264</u>

### NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital leases payable	\$ 243,983	\$ -	\$ (78,906)	\$ 165,077	\$ 59,275
Compensated absences	171,330	128,615	(118,127)	181,818	145,454
Net pension liability	1,363,330	1,124,935	(473,067)	2,015,198	-
Governmental activities long-term liabilities	<u>\$ 1,778,643</u>	<u>\$ 1,253,550</u>	<u>\$ (670,100)</u>	<u>\$ 2,362,093</u>	<u>\$ 204,729</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 6,333,465	\$ -	\$ (98,414)	\$ 6,235,051	\$ 101,520
Compensated absences	6,903	9,026	(6,227)	9,702	7,762
Closure and postclosure care	1,799,868	197,004	-	1,996,872	-
Net pension liability	61,486	37,502	(31,808)	67,180	-
Business-type activities long-term liabilities	<u>\$ 8,201,722</u>	<u>\$ 243,532</u>	<u>\$ (136,449)</u>	<u>\$ 8,308,805</u>	<u>\$ 109,282</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 inception.

The following is an analysis of leased assets under capital leases as of September 30, 2019:

	<b>Governmental Activities</b>
Equipment	\$ 438,638
Less: Accumulated depreciation	(113,190)
	<u>\$ 325,448</u>

The County recorded \$27,024 in depreciation expense on capital leases during the year ended September 30, 2019.

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2019:

	<b>Governmental Activities</b>
Fiscal year ending September 30,	
2020	\$ 64,558
2021	64,558
2022	46,058
Total minimum lease payments	<u>175,174</u>
Less amount representing interest	10,097
Present value of future minimum lease payments	<u>\$ 165,077</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
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	334,224	118,045	216,179
2025 – 2029	1,671,120	663,998	1,007,122
2030 – 2034	1,671,120	800,745	870,375
2035 – 2039	1,671,120	965,661	705,459
2040 – 2044	1,671,120	1,164,314	506,806
2045 – 2049	1,671,120	1,404,513	266,607
2050 – 2052	714,754	685,837	28,917
	\$ 10,741,474	\$ 6,235,051	\$ 4,506,423

**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 \$1,996,872 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 \$4,107,334 will be recognized on a pro rata basis as the remaining estimated capacity of 77,752 cubic yards of useable space for the original landfill, and 762,001 cubic yards of useable space for the new landfill are filled. Approximately 86% of the original landfill's capacity has been used to date and 8% 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, 2019, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 67,526
General Fund	Water Fund	52,082
Nonmajor Governmental Funds	General Fund	380,052
Water Fund	Nonmajor Governmental Funds	2,250
		<u>\$ 501,910</u>

**Advances to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	<u>\$ 718,401</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:

	General Fund	Transfer Out Nonmajor Governmental Funds	Total
Transfer In			
General Fund	\$ -	\$ 52,915	\$ 52,915
Nonmajor Governmental Funds	156,323	-	156,323
	<u>\$ 156,323</u>	<u>\$ 52,915</u>	<u>\$ 209,238</u>

## NOTES TO FINANCIAL STATEMENTS

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### **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](http://www.gebcorp.com) or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

## NOTES TO FINANCIAL STATEMENTS

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

#### PRIMARY GOVERNMENT (Continued)

##### Plan Membership

As of January 1, 2018, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	52
Inactive plan members entitled to but not receiving benefits	90
Active plan members	109
	<hr/>
	251
	<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, 2019, the County's contribution rate was 7.6% of annual payroll. County contributions to the Plan were \$324,599 for the year ended September 30, 2019.

##### Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2018.



## NOTES TO FINANCIAL STATEMENTS

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### 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50% - 5.50%, including inflation
Investment rate of return	7.00%, 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, 2018 valuation were based on the results of an actuarial experience study through February, 2019.

The plans guidelines for asset allocation are as follows:

Asset class	Target allocation	Range
Fixed Income	30 %	25 - 35 %
Large Cap Equities	30	25 - 35
Mid Cap Equities	5	2.5 - 10
Small Cap Equities	5	2.5 - 10
REIT Equities	5	2.5 - 10
International Equities	15	10 - 20
Multi Cap Equities	5	2.5 - 10
Global Allocation Equities	5	2.5 - 10
	<u>100 %</u>	

## 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 7.00%. 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, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 6,040,576	\$ 4,615,760	\$ 1,424,816
Changes for the year:			
Service cost	158,931	-	158,931
Interest	430,906	-	430,906
Changes in experience	(180,276)	-	(180,276)
Assumption changes	315,655	-	315,655
Contributions - employer	-	324,599	(324,599)
Net investment income	-	(208,984)	208,984
Benefit payments, including refunds of employee contributions	(194,094)	(194,094)	-
Administrative expense	-	(25,315)	25,315
Other charges	-	(22,646)	22,646
Net changes	531,122	(126,440)	657,562
Balances at September 30, 2019	\$ 6,571,698	\$ 4,489,320	\$ 2,082,378

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability	\$ 2,888,014	\$ 2,082,378	\$ 1,409,049

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, 2018, 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, 2019, the County recognized pension expense of \$547,575. At September 30, 2019, 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	\$ 311,430	\$ -
Differences between expected and actual experience of economic/demographic losses	93,706	131,553
Difference in assumption changes	349,450	-
	<u>\$ 754,586</u>	<u>\$ 131,553</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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,	
2020	\$ 250,545
2021	177,158
2022	84,135
2023	111,195
Total	<u>\$ 623,033</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](http://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 Contribution Plan. During the fiscal year ended September 30, 2019, employees contributed \$78,263 to the Contribution Plan.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2019, 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

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### 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, 2019, 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, 2019, the County paid \$16,065 in such dues. Membership in a Regional Commission ("RC") is required by the Official Code of Georgia Annotated ("O.C.G.A.") § 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. O.C.G.A. § 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, 2019, were \$203,446. Of this amount, \$120,822, 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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 158,931	\$ 159,667	\$ 149,309	\$ 137,728	\$ 145,049
Interest on total pension liability	430,906	391,510	371,629	330,894	305,995
Changes of assumptions	315,655	12,243	163,322	168,710	-
Benefit payments, including refunds of employee contributions	(194,094)	(168,702)	(155,990)	(134,925)	(119,050)
Experience loss	(180,276)	161,376	1,160	40,719	-
<b>Net change in total pension liability</b>	<b>531,122</b>	<b>556,094</b>	<b>529,430</b>	<b>543,126</b>	<b>331,994</b>
<b>Total pension liability - beginning</b>	<b>6,040,576</b>	<b>5,484,482</b>	<b>4,955,052</b>	<b>4,411,926</b>	<b>4,079,932</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 6,571,698</b>	<b>\$ 6,040,576</b>	<b>\$ 5,484,482</b>	<b>\$ 4,955,052</b>	<b>\$ 4,411,926</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 324,599	\$ 376,723	\$ 341,417	\$ 312,354	\$ 319,724
Net investment income	(208,984)	609,889	259,033	23,186	215,954
Benefit payments, including refunds of employee contributions	(194,094)	(168,702)	(150,352)	(130,049)	(114,747)
Administrative expenses	(25,315)	(23,498)	(25,688)	(22,353)	(22,549)
Other	(22,646)	(96,067)	(28,542)	(37,937)	(41,002)
<b>Net change in plan fiduciary net position</b>	<b>(126,440)</b>	<b>698,345</b>	<b>395,868</b>	<b>145,201</b>	<b>357,380</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,615,760</b>	<b>3,917,415</b>	<b>3,521,547</b>	<b>3,376,346</b>	<b>3,018,966</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,489,320</b>	<b>\$ 4,615,760</b>	<b>\$ 3,917,415</b>	<b>\$ 3,521,547</b>	<b>\$ 3,376,346</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 2,082,378</b>	<b>\$ 1,424,816</b>	<b>\$ 1,567,067</b>	<b>\$ 1,433,505</b>	<b>\$ 1,035,580</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>68.3%</b>	<b>76.4%</b>	<b>71.4%</b>	<b>71.1%</b>	<b>76.5%</b>
<b>Covered payroll</b>	<b>\$ 4,262,113</b>	<b>\$ 4,286,200</b>	<b>\$ 3,986,892</b>	<b>\$ 3,972,684</b>	<b>\$ 4,121,892</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>48.9%</b>	<b>33.2%</b>	<b>39.3%</b>	<b>36.1%</b>	<b>25.1%</b>

**Notes to the Schedule:**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30**

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 353,853	\$ 324,599	\$ 376,723	\$ 312,354	\$ 319,724
Contributions in relation to the actuarially determined contribution	<u>324,599</u>	<u>376,723</u>	<u>341,417</u>	<u>312,354</u>	<u>319,724</u>
Contribution deficiency (excess)	<u>\$ 29,254</u>	<u>\$ (52,124)</u>	<u>\$ 35,306</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	4,262,113	4,286,200	3,986,892	3,972,684	4,121,892
Contributions as a percentage of covered payroll	7.6%	8.8%	8.6%	7.9%	7.8%

**Notes to the Schedule**

Valuation date	January 1, 2018
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	3.50%-4.50%
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

**Notes to the Schedule:**

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



# MCINTOSH COUNTY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

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

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

**Drug Fund** is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs relating to controlled substances and marijuana (O.C.G.A. § 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 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

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### 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.

**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, 2019

ASSETS	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Cash and cash equivalents	\$ 112,436	\$ 54,051	\$ 73,022	\$ 96,420	\$ 481,063	\$ 119,580	\$ 212,959
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	43,820	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	31,890	-	-	-	-
Due from other governments	-	-	-	622	9,762	-	64,019
Total assets	<u>\$ 112,436</u>	<u>\$ 54,051</u>	<u>\$ 148,732</u>	<u>\$ 97,042</u>	<u>\$ 490,825</u>	<u>\$ 119,580</u>	<u>\$ 276,978</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts and retainage payable	\$ -	\$ -	\$ 6,320	\$ -	\$ -	\$ -	\$ 2,554
Due to other funds	23,902	-	-	5,994	-	-	33,272
Due to other governments	-	-	-	-	-	-	-
Total liabilities	<u>23,902</u>	<u>-</u>	<u>6,320</u>	<u>5,994</u>	<u>-</u>	<u>-</u>	<u>35,826</u>
<b>FUND BALANCES (DEFICITS)</b>							
Restricted for:							
Judicial	88,534	-	-	-	490,825	-	-
Public safety	-	54,051	142,412	91,048	-	-	241,152
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-
Committed to:							
Public safety	-	-	-	-	-	119,580	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>88,534</u>	<u>54,051</u>	<u>142,412</u>	<u>91,048</u>	<u>490,825</u>	<u>119,580</u>	<u>241,152</u>
Total liabilities and fund balances	<u>\$ 112,436</u>	<u>\$ 54,051</u>	<u>\$ 148,732</u>	<u>\$ 97,042</u>	<u>\$ 490,825</u>	<u>\$ 119,580</u>	<u>\$ 276,978</u>

Special Revenue Funds			Capital Projects Funds				Total
Grant	Hotel/ Motel Tax	Revolving Loan	2005 Sales Tax	2010 Sales Tax	2016 Sales Tax	CDBG Water System	Nonmajor Governmental Funds
\$ 100	\$ -	\$ 5,687	\$ -	\$ -	\$ 886,357	\$ 100	\$ 2,041,775
-	10,634	-	-	-	-	-	10,634
-	-	-	-	-	-	-	43,820
-	-	314,097	-	-	-	-	314,097
6,650	332,601	-	-	-	-	8,911	380,052
-	-	-	-	-	97,587	-	171,990
<u>\$ 6,750</u>	<u>\$ 343,235</u>	<u>\$ 319,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,944</u>	<u>\$ 9,011</u>	<u>\$ 2,962,368</u>
\$ 6,750	\$ -	\$ -	\$ -	\$ -	\$ 117,605	\$ 13,318	\$ 146,547
-	-	-	2,250	-	4,358	-	69,776
-	-	-	-	-	19,517	-	19,517
<u>6,750</u>	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>-</u>	<u>141,480</u>	<u>13,318</u>	<u>235,840</u>
-	-	-	-	-	-	-	579,359
-	-	-	-	-	-	-	528,663
-	-	319,784	-	-	-	-	319,784
-	-	-	-	-	842,464	-	842,464
-	343,235	-	-	-	-	-	343,235
-	-	-	-	-	-	-	119,580
-	-	-	(2,250)	-	-	(4,307)	(6,557)
<u>-</u>	<u>343,235</u>	<u>319,784</u>	<u>(2,250)</u>	<u>-</u>	<u>842,464</u>	<u>(4,307)</u>	<u>2,726,528</u>
<u>\$ 6,750</u>	<u>\$ 343,235</u>	<u>\$ 319,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,944</u>	<u>\$ 9,011</u>	<u>\$ 2,962,368</u>

# MCINTOSH COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds						
	Law	Confiscated	Jail	Drug	Victim	Jail	E-911
	Library	Assets			Witness Assistance	Commissary	
<b>Revenues</b>							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	254,465
Charges for services	-	-	-	-	-	61,258	205,318
Fines and forfeitures	84,699	25,994	381,759	16,158	189,538	-	-
Interest income	144	-	228	133	758	-	384
Other revenues	-	-	-	-	-	-	220
Total revenues	<u>84,843</u>	<u>25,994</u>	<u>381,987</u>	<u>16,291</u>	<u>190,296</u>	<u>61,258</u>	<u>460,387</u>
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Judicial	37,420	-	-	-	-	-	-
Public works	-	32,891	551,650	5,899	36,976	60,868	517,653
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>37,420</u>	<u>32,891</u>	<u>551,650</u>	<u>5,899</u>	<u>36,976</u>	<u>60,868</u>	<u>517,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,423</u>	<u>(6,897)</u>	<u>(169,663)</u>	<u>10,392</u>	<u>153,320</u>	<u>390</u>	<u>(57,266)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(52,915)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,915)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	47,423	(6,897)	(169,663)	10,392	100,405	390	(57,266)
<b>Fund balances, beginning of year</b>	<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>
<b>Fund balances (deficits), end of year</b>	<u>\$ 88,534</u>	<u>\$ 54,051</u>	<u>\$ 142,412</u>	<u>\$ 91,048</u>	<u>\$ 490,825</u>	<u>\$ 119,580</u>	<u>\$ 241,152</u>

Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
Grant	Hotel/ Motel Tax	Revolving Loan	2005 Sales Tax	2010 Sales Tax	2016 Sales Tax	CDBG Water System	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,347,561	\$ -	\$ 1,347,561
-	203,446	-	-	-	-	-	203,446
97,045	-	254,948	-	-	-	35,601	642,059
-	-	-	-	-	-	-	266,576
-	-	-	-	-	-	-	698,148
-	-	1,830	-	113	1,729	-	5,319
-	-	-	-	-	-	-	220
97,045	203,446	256,778	-	113	1,349,290	35,601	3,163,329
2,828	-	-	-	-	-	-	2,828
-	-	-	-	-	-	-	37,420
-	-	-	-	-	-	-	1,205,937
250,440	-	-	-	-	-	-	250,440
-	136,554	-	-	-	-	-	136,554
-	-	-	-	-	1,190,991	48,919	1,239,910
-	-	-	-	112,884	269,397	-	382,281
-	-	-	-	21,469	57,437	-	78,906
-	-	-	-	779	7,120	-	7,899
253,268	136,554	-	-	135,132	1,524,945	48,919	3,342,175
(156,223)	66,892	256,778	-	(135,019)	(175,655)	(13,318)	(178,846)
156,223	-	-	-	-	-	100	156,323
-	-	-	-	-	-	-	(52,915)
156,223	-	-	-	-	-	100	103,408
-	66,892	256,778	-	(135,019)	(175,655)	(13,218)	(75,438)
-	276,343	63,006	(2,250)	135,019	1,018,119	8,911	2,801,966
\$ -	\$ 343,235	\$ 319,784	\$ (2,250)	\$ -	\$ 842,464	\$ (4,307)	\$ 2,726,528

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<b><u>2005 REFERENDUM</u></b>					
Fire Department Improvements	\$ 1,250,000	\$ 1,250,000	\$ 1,467,532	\$ -	\$ 1,467,532
Animal Shelter Improvements	60,000	60,000	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	324,760	-	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	<u>\$ 8,190,000</u>	<u>\$ 8,190,000</u>	<u>\$ 7,691,277</u>	<u>\$ -</u>	<u>\$ 7,691,277</u>
<b><u>2010 REFERENDUM</u></b>					
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	1,948,671	-	1,948,671
Sheriff's Department Improvements	500,000	500,000	473,682	-	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	1,907,949	112,884	2,020,833
Totals	<u>\$ 10,210,000</u>	<u>\$ 10,210,000</u>	<u>\$ 7,566,995</u>	<u>\$ 112,884</u>	<u>\$ 7,679,879</u>

**Note:** The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to equipment purchased through a capital lease being recognized in the year purchased. Payments of principal and interest made during the current year totaled \$22,248.

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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	\$ 119,799	\$ 31,661	\$ 151,460
Animal Shelter Improvements	72,000	72,000	-	23,028	23,028
Elections Equipment	27,000	27,000	-	-	-
Emergency Medical Assistance Equipment	135,000	135,000	-	91,442	91,442
Emergency Medical Service Equipment	680,000	680,000	35,963	85,030	120,993
Landfill Equipment and Improvements	565,000	565,000	60,025	54,448	114,473
Leisure Services Equipment and Improvements	763,186	763,186	11,693	15,795	27,488
Roads and Bridges Improvements	1,942,906	1,942,906	297,411	313,579	610,990
Sheriffs Department Improvements	1,100,000	1,100,000	220,932	101,788	322,720
Volunteer Fire Equipment	547,908	547,908	53,027	179,309	232,336
Water Department	500,000	500,000	-	-	-
Development Authority Projects	550,000	550,000	-	-	-
County Department Equipment	132,000	132,000	72,168	18,668	90,836
E-911 Services Equipment	45,000	45,000	19,125	19,125	38,250
Recreational Facilities	370,000	370,000	40,954	257,118	298,072
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	489,855	269,397	759,252
Totals	\$ 10,200,000	\$ 10,200,000	\$ 1,447,785	\$ 1,460,388	\$ 2,908,173

**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 \$64,557.



# MCINTOSH COUNTY, GEORGIA

## AGENCY FUNDS

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

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

The following agency funds are used to account for fines, fees and other 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, 2019

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<b>ASSETS</b>	<b>Tax Commissioner</b>	<b>Clerk of Courts</b>	<b>Probate - Magistrate Court</b>	<b>Sheriff</b>	<b>Jail Inmate</b>	<b>Total</b>
Cash	\$ 435,376	\$ 438,292	\$ 25,050	\$ 13,853	\$ 4,491	\$ 917,062
Taxes receivable	890,545	-	-	-	-	890,545
Total assets	<u>\$ 1,325,921</u>	<u>\$ 438,292</u>	<u>\$ 25,050</u>	<u>\$ 13,853</u>	<u>\$ 4,491</u>	<u>\$ 1,807,607</u>
<b>LIABILITIES</b>						
Due to others	\$ 435,376	\$ 438,292	\$ 25,050	\$ 13,853	\$ 4,491	\$ 917,062
Uncollected taxes	890,545	-	-	-	-	890,545
Total liabilities	<u>\$ 1,325,921</u>	<u>\$ 438,292</u>	<u>\$ 25,050</u>	<u>\$ 13,853</u>	<u>\$ 4,491</u>	<u>\$ 1,807,607</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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McIntosh County, Georgia (the "County") as of and for the year ended September 30, 2019, 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 April 1, 2020. 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.

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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 responses as item 2019-001 that we considered to be significant deficiency.

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

As part of obtaining reasonable assurance about whether the County'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-002.

#### **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. the County'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.

*Mauldin & Jenkins, LLC*

Savannah, Georgia  
April 1, 2020

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_ Yes   X   No

Significant deficiencies identified not considered  
to be material weaknesses?

  X   Yes \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted?

  X   Yes \_\_\_\_\_ No

#### Federal Awards

There was not an audit of major federal award programs for the year ended September 30, 2019 due to the total amount expended being less than \$750,000.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **2019 – 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. Processes such as opening mail, posting cash receipts, reconciliation of receipts, deposit preparation, custody of checks, preparation of disbursements, signing of checks for disbursement, and reconciliation of the bank accounts should be properly segregated and in most cases these processes should have an appropriate review process.

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.

We also noted that the County does not have policies or procedures in place for the initiation, approval, and recording of journal entries. It is our recommendation that the County establish such policies or procedures as to mitigate potential for misuse or misappropriation of funds.

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures as noted in the condition above.

# MCINTOSH COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

#### 2019 – 001. Segregation of Duties (Continued)

**Effect:** Failure to properly segregate duties noted in the condition above, as well as the initiation, approval, and recording of journal entries 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.

#### 2019 – 002. Collateralization of Deposits

**Criteria:** Internal controls should be in place which ensure proper collateral is pledged by all financial institutions where deposits exceed the Federal Depository Insurance Corporation ("FDIC") coverage.

**Condition/Context:** Certain deposits for the Tax Commissioner were not properly collateralized in accordance with Official Code of Georgia (O.C.G.A.) § 45-8-13.1. The State of Georgia requires collateral to be pledged at 110% for all public deposits in excess of the FDIC's insured limits.

**Effect:** Failure to maintain proper collateral is considered noncompliance with the O.C.G.A.

**Cause:** Lack of controls by the Tax Commissioner to ensure the respective banks hold sufficient securities pledged as collateral for the deposits in excess of FDIC coverage.

**Recommendation:** The County should implement internal controls to ensure proper collateral is pledged by all banking institutions where deposits exceed the FDIC's coverage and that those reports are reconciled on a monthly basis.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the recommendation. Proper actions will be taken to ensure proper collateral is maintained.

**MCINTOSH COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

None reported.



# MCINTOSH COUNTY, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS SEPTEMBER 30, 2019

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### **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.

**Auditee Response/Status:** Unresolved – See current year financial audit finding 2019 – 001.