

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

MCINTOSH COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **McIntosh County, Georgia (the "County")**, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise McIntosh County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities, as of October 1, 2020. This standard significantly changed the accounting for the County's Fiduciary Funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 pages 55 and 56), and the Schedule of County Contributions (on pages 57 and 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax ("SPLOST") proceeds, and the schedule of expenditures of transportation special purpose local option sales tax ("TSPLOST") proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121 and §48-8-269.5, and as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of SPLOST proceeds, and the schedule of expenditures of TSPLOST 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, the schedules of expenditures of SPLOST proceeds, and the schedule of expenditures of TSPLOST 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 August 23, 2022, 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
August 23, 2022

MCINTOSH COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2021. 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 2021 is the sixteenth 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 Management's Discussion and Analysis ("MD&A") 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 2021 are as follows:

Government-wide Financial Statements:

- At September 30, 2021, the County's assets exceeded its liabilities by \$30,215,270 (net position).
- The County's \$15,993,826 net investment in capital assets leaves the County with \$14,221,444 in net position of which \$3,884,964 is restricted.
- The County's total net position increased from \$28,420,330 in the prior year to \$30,215,270 in the current year, for a total increase of \$1,794,940, or 6.32%.
- The County's revenues for fiscal year 2021 totaled \$21,467,755. Of this amount, 27% are property tax revenues, 19% are sales tax revenues, 2% are other tax revenues, 5% are for business taxes, 40% are charges for services, and 7% are grant revenues. This is a 5.5% increase over fiscal year 2020 revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The County's total program expenses for fiscal year 2020 totaled \$19,672,815. Of this amount, 43% are public safety expenses, 19% are general governmental expenses, 6% are judicial expenses, 7% are public works expenses, 12% are solid waste, and the remaining 13% are other expenses. This is a 7.6% increase over fiscal year 2020 expenses.

Governmental Funds Financial Statements:

- The County's governmental funds recorded total assets of \$21,728,510 for fiscal year ended September 30, 2021. This amount is over the total governmental funds liabilities and deferred inflow of resources by \$19,028,530 (fund balance).
- Total governmental fund's fund balances for fiscal year ended September 30, 2021 increased by \$9,292,689 from the previous year. The main reason for this increase was a result of a \$8,208,548 increase in the General Fund.
- Total governmental fund balance of \$19,028,530 consists of \$1,124,648 nonspendable, \$3,734,789 restricted, \$165,846 committed, \$99 assigned and \$14,003,148 unassigned.

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 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

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 taxes, 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, 2021 and 2020.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 21,193,665	\$ 10,688,699	\$ 487,803	\$ 404,091	\$ 21,681,468	\$ 11,092,790
Capital assets	16,842,948	16,423,652	12,477,525	12,637,990	29,320,473	29,061,642
Total assets	<u>38,036,613</u>	<u>27,112,351</u>	<u>12,965,328</u>	<u>13,042,081</u>	<u>51,001,941</u>	<u>40,154,432</u>
Deferred outflow s of resources	<u>193,597</u>	443,833	<u>10,490</u>	17,293	<u>204,087</u>	461,126
Long-term liabilities	7,580,084	1,735,520	8,778,768	8,737,957	16,358,852	10,473,477
Other liabilities	2,494,683	837,343	409,917	422,111	2,904,600	1,259,454
Total liabilities	<u>10,074,767</u>	<u>2,572,863</u>	<u>9,188,685</u>	<u>9,160,068</u>	<u>19,263,452</u>	<u>11,732,931</u>
Deferred inflow s of resources	<u>689,922</u>	444,960	<u>37,384</u>	17,337	<u>727,306</u>	462,297
Net position:						
Net investment in capital assets	9,834,154	16,220,573	6,159,672	6,115,997	15,993,826	22,336,570
Restricted	3,734,789	2,892,116	150,175	150,145	3,884,964	3,042,261
Unrestricted (deficit)	12,896,578	5,425,672	(2,560,098)	(2,384,173)	10,336,480	3,041,499
Total net position	<u>\$ 26,465,521</u>	<u>\$ 24,538,361</u>	<u>\$ 3,749,749</u>	<u>\$ 3,881,969</u>	<u>\$ 30,215,270</u>	<u>\$ 28,420,330</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 \$30,215,270 at the close of the most recent fiscal year. By far the largest portion of the County's net position (53%) 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 (13%) represents resources that are subject to external restrictions on how they can be used. The remaining balance of net position (amounting to \$10,336,480) 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, 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,639,141	\$ 4,653,087	\$ 3,044,280	\$ 3,010,292	\$ 8,683,421	\$ 7,663,379
Operating grants	592,354	2,006,258	-	-	592,354	2,006,258
Capital grants	806,141	865,448	-	-	806,141	865,448
General revenues:						
Property taxes	5,857,697	5,517,569	-	-	5,857,697	5,517,569
Sales taxes	4,019,984	2,915,057	-	-	4,019,984	2,915,057
Business taxes	977,375	916,622	-	-	977,375	916,622
Other taxes	525,324	432,694	-	-	525,324	432,694
Unrestricted investment earnings	5,171	21,258	288	1,638	5,459	22,896
Total revenues	<u>18,423,187</u>	<u>17,327,993</u>	<u>3,044,568</u>	<u>3,011,930</u>	<u>21,467,755</u>	<u>20,339,923</u>
Program expenses:						
General government	3,755,555	2,790,009	-	-	3,755,555	2,790,009
Judicial	1,239,351	1,165,365	-	-	1,239,351	1,165,365
Public safety	8,389,441	8,098,708	-	-	8,389,441	8,098,708
Public works	1,345,890	1,769,186	-	-	1,345,890	1,769,186
Health and welfare	148,346	156,219	-	-	148,346	156,219
Culture and recreation	721,972	655,427	-	-	721,972	655,427
Housing and development	529,890	469,319	-	-	529,890	469,319
Interest	158,429	5,841	-	-	158,429	5,841
Water	-	-	986,321	895,983	986,321	895,983
Solid waste	-	-	2,397,620	2,271,977	2,397,620	2,271,977
Total expenses	<u>16,288,874</u>	<u>15,110,074</u>	<u>3,383,941</u>	<u>3,167,960</u>	<u>19,672,815</u>	<u>18,278,034</u>
Excess (deficiency)	2,134,313	2,217,919	(339,373)	(156,030)	1,794,940	2,061,889
Transfers	(207,153)	(796,293)	207,153	796,293	-	-
Changes in net position	1,927,160	1,421,626	(132,220)	640,263	1,794,940	2,061,889
Net position - beg. of year	24,538,361	23,116,735	3,881,969	3,241,706	28,420,330	26,358,441
Net position - end of year	<u>\$ 26,465,521</u>	<u>\$ 24,538,361</u>	<u>\$ 3,749,749</u>	<u>\$ 3,881,969</u>	<u>\$ 30,215,270</u>	<u>\$ 28,420,330</u>

Excluding transfers, total revenues for the primary government exceeded total expenses by \$1,794,940. By review of Table 2, it is apparent that the bulk of revenues supporting the primary government are attributable to charges for services, \$8,683,421, or 40%, and property taxes of \$5,857,697, or 27%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additionally, Table 2 illustrates the bulk of primary government's expenses being reported within the program of public safety at \$8,389,441, or 43%, with the second largest expenses attributable to general government, reporting expenses of \$3,755,555, or 19%.

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	
	2021	2020	2021	2020
General government	\$ 3,755,555	\$ 2,790,009	\$ 2,946,151	\$ 2,219,154
Judicial	1,239,351	1,165,365	1,239,351	1,165,365
Public safety	8,389,441	8,098,708	3,192,117	3,019,077
Public works	1,345,890	1,769,186	863,789	1,349,871
Health and welfare	148,346	156,219	(242,814)	(359,522)
Culture and recreation	721,972	655,427	619,380	451,320
Housing and development	529,890	469,319	474,835	(265,825)
Interest on long-term debt	158,429	5,841	158,429	5,841
Totals	<u>\$ 16,288,874</u>	<u>\$ 15,110,074</u>	<u>\$ 9,251,238</u>	<u>\$ 7,585,281</u>

As noted in the above table, governmental programs fell \$9,251,238 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, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's Major Governmental Funds

At the end of fiscal year 2021, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of \$19,028,530. This balance increased by \$9,292,689 from prior year's balance.

The County's total governmental fund balance of \$19,028,530 is divided into five categories: nonspendable of \$1,124,648; restricted of \$3,734,789; committed of \$165,846; and assigned of \$99. The unassigned fund balance is \$14,003,148 that is available for use to meet current ongoing obligations of the County.

Revenues for the general fund totaled \$13,638,257, or approximately 74% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. Of this amount, \$5,861,344 (or 43%) was collected through property taxes, with the second largest source of revenues reported in the line item of fines and forfeitures revenues, \$3,271,508, or 24%. Expenditures for the General Fund totaled \$12,269,965 (not including Other Financing Sources). Revenues exceeded expenditures by \$1,368,292.

Revenues for the American Rescue Plan Act ("ARPA") fund totaled \$99, which represents interest income reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. There were no expenditures in the ARPA fund during fiscal year 2021.

Revenues for the 2016 sales tax fund totaled \$1,550,617, or approximately 8% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balances presented on page 16. Of this amount, \$1,550,468 (or 99%) was collected through sales taxes. Expenditures for the 2016 sales tax fund totaled \$1,903,360 (not including Other Financing Sources). Expenditures exceeded revenues by \$352,743.

General Fund Budgetary Highlights

Total revenues in the General Fund were under budget by \$1,316,658, or approximately 11%. 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, \$246,985 is reported in the line item of intergovernmental.

General Fund expenditures (not including Other Financing Sources) for the year ended September 30, 2021, were over budget by \$187,185, or approximately 2%.

Capital Assets and Debt Administration

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$29,320,473 (net of accumulated depreciation). This is an increase of \$258,831 from last year. The increase is due to the purchase of capital assets and construction in progress ("CIP") additions. Table 4 is summary data of capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 958,877	\$ 214,793	\$ 1,173,670
Construction in progress	1,066,847	-	1,066,847
Buildings	6,907,858	67,196	6,975,054
Machinery and equipment	2,358,068	1,173,946	3,532,014
Infrastructure	5,551,298	-	5,551,298
Water system	-	11,008,235	11,008,235
Landfill	-	13,355	13,355
Totals	<u>\$ 16,842,948</u>	<u>\$ 12,477,525</u>	<u>\$ 29,320,473</u>

It should be noted that the majority of the capital assets in the County have been obtained through the use of Special Purpose Local Option Sales Tax ("SPLOST"). Currently, the County is 100% complete with the 2005 and 2010 SPLOST programs. The County started the SPLOST 2016 program in fiscal year 2017. More detail on the County's capital assets can be found on pages 40 and 41.

At year-end, the County had a total of \$17,173,987 in outstanding long-term liabilities which includes \$2,613,264 in closure and post-closure care costs for the McIntosh County Landfill Fund, \$6,027,489 in revenue bonds payable, \$6,890,000 in notes payable and the remaining balance being capital leases, compensated absences and the net pension liability. More information regarding the County's Long-Term Debt can be found in Note 7 on pages 41 – 45.

Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing fiscal year 2022 budget, including the overall economic issues affecting the entire County, as a result in increased SPLOST and Local Option Sales Tax ("LOST") revenues, and an incline 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
ASSETS				
Cash and cash equivalents	\$ 18,795,454	\$ 1,094,481	\$ 19,889,935	\$ 414,486
Taxes receivable, net	405,620	-	405,620	-
Accounts receivable, net	48,432	174,640	223,072	4,757
Notes receivable	69,382	-	69,382	-
Internal balances	789,676	(789,676)	-	-
Due from other governments	761,224	-	761,224	18,809
Prepaid expenses	323,877	8,358	332,235	-
Capital assets, non-depreciable	2,025,724	214,793	2,240,517	-
Capital assets, depreciable, net of accumulated depreciation	14,817,224	12,262,732	27,079,956	-
Total assets	38,036,613	12,965,328	51,001,941	438,052
DEFERRED OUTFLOWS OF RESOURCES				
Pension	193,597	10,490	204,087	75,049
OPEB	-	-	-	45,540
Total deferred outflows of resources	193,597	10,490	204,087	120,589
LIABILITIES				
Accounts and retainage payable	376,463	98,609	475,072	-
Accrued liabilities	98,862	14,243	113,105	-
Due to other governments	27,556	-	27,556	-
Unearned revenue	1,396,379	-	1,396,379	-
Customer deposits	-	77,353	77,353	-
Capital leases due within one year	68,529	98,728	167,257	-
Capital leases due in more than one year	50,265	191,636	241,901	-
Note payable due within one year	387,000	-	387,000	-
Note payable due in more than one year	6,503,000	-	6,503,000	-
Bond payable due within one year	-	110,088	110,088	-
Bond payable due in more than one year	-	5,917,401	5,917,401	-
Compensated absences due within one year	139,894	10,896	150,790	6,566
Compensated absences due in more than one year	34,973	2,724	37,697	26,266
Claims and judgements payable due within one year	1,000,000	-	1,000,000	-
Closure and post-closure care cost	-	2,613,264	2,613,264	-
Net pension liability due in more than one year	991,846	53,743	1,045,589	323,161
Net OPEB liability due in more than one year	-	-	-	59,301
Total liabilities	11,074,767	9,188,685	20,263,452	415,294
DEFERRED INFLOWS OF RESOURCES				
Pension	689,922	37,384	727,306	-
OPEB	-	-	-	87,688
Total deferred inflows of resources	689,922	37,384	727,306	87,688
NET POSITION				
Net investment in capital assets	9,834,154	6,159,672	15,993,826	-
Restricted for:				
Judicial	776,121	-	776,121	-
Public safety	742,395	-	742,395	-
Economic development	9,665	-	9,665	-
Capital outlay	1,845,536	-	1,845,536	-
Tourism	361,072	-	361,072	-
Special use	-	-	-	132,181
Debt service	-	150,175	150,175	-
Unrestricted	12,896,578	(2,560,098)	10,336,480	(76,522)
Total net position	\$ 26,465,521	\$ 3,749,749	\$ 30,215,270	\$ 55,659

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,755,555	\$ 804,763	\$ 4,641	\$ -
Judicial	1,239,351	-	-	-
Public safety	8,389,441	4,824,019	354,418	18,887
Public works	1,345,890	-	-	482,101
Health and welfare	148,346	-	86,007	305,153
Culture and recreation	721,972	10,359	92,233	-
Housing and development	529,890	-	55,055	-
Interest on long-term debt	158,429	-	-	-
Total governmental activities	<u>16,288,874</u>	<u>5,639,141</u>	<u>592,354</u>	<u>806,141</u>
Business-type activities:				
Water	986,321	842,486	-	-
Solid waste	2,397,620	2,201,794	-	-
Total business-type activities	<u>3,383,941</u>	<u>3,044,280</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 19,672,815</u>	<u>\$ 8,683,421</u>	<u>\$ 592,354</u>	<u>\$ 806,141</u>
Component unit:				
Board of Health	\$ 463,968	\$ 132,274	\$ 273,359	\$ -
Total component unit	<u>\$ 463,968</u>	<u>\$ 132,274</u>	<u>\$ 273,359</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Business taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Health
\$ (2,946,151)	\$ -	\$ (2,946,151)	\$ -
(1,239,351)	-	(1,239,351)	-
(3,192,117)	-	(3,192,117)	-
(863,789)	-	(863,789)	-
242,814	-	242,814	-
(619,380)	-	(619,380)	-
(474,835)	-	(474,835)	-
(158,429)	-	(158,429)	-
<u>(9,251,238)</u>	<u>-</u>	<u>(9,251,238)</u>	<u>-</u>
-	(143,835)	(143,835)	-
-	(195,826)	(195,826)	-
-	(339,661)	(339,661)	-
<u>\$ (9,251,238)</u>	<u>\$ (339,661)</u>	<u>\$ (9,590,899)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,335)</u>
-	-	-	(58,335)
5,857,697	-	5,857,697	-
4,019,984	-	4,019,984	-
977,375	-	977,375	-
525,324	-	525,324	-
5,171	288	5,459	-
-	-	-	87,026
(207,153)	207,153	-	-
<u>11,178,398</u>	<u>207,441</u>	<u>11,385,839</u>	<u>87,026</u>
1,927,160	(132,220)	1,794,940	28,691
24,538,361	3,881,969	28,420,330	26,968
<u>\$ 26,465,521</u>	<u>\$ 3,749,749</u>	<u>\$ 30,215,270</u>	<u>\$ 55,659</u>

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

	General	ARPA Fund	2016 Sales Tax	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 13,912,957	\$ 1,396,478	\$ 399,186	\$ 3,086,833	\$ 18,795,454
Taxes receivable, net	388,695	-	-	16,925	405,620
Accounts receivable	25,050	-	-	23,382	48,432
Notes receivable	-	-	-	69,382	69,382
Due from other funds	136,299	-	-	456,833	593,132
Due from other governments	405,139	-	137,779	218,306	761,224
Prepaid items	323,877	-	-	-	323,877
Advances to other funds	731,389	-	-	-	731,389
Total assets	<u>\$ 15,923,406</u>	<u>\$ 1,396,478</u>	<u>\$ 536,965</u>	<u>\$ 3,871,661</u>	<u>\$ 21,728,510</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts and retainage payable	\$ 39,933	\$ -	\$ 144,759	\$ 191,771	\$ 376,463
Accrued expenses	28,846	-	-	-	28,846
Due to other funds	456,833	-	4,508	73,504	534,845
Due to other governments	-	-	27,556	-	27,556
Unearned revenue	-	1,396,379	-	-	1,396,379
Total liabilities	<u>525,612</u>	<u>1,396,379</u>	<u>176,823</u>	<u>265,275</u>	<u>2,364,089</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue - property taxes	335,891	-	-	-	335,891
Total deferred inflow of resources	<u>335,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,891</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	323,877	-	-	-	323,877
Long-term notes receivable	-	-	-	69,382	69,382
Advances to other funds	731,389	-	-	-	731,389
Restricted for:					
Judicial	-	-	-	776,121	776,121
Public safety	-	-	-	742,395	742,395
Economic development	-	-	-	9,665	9,665
Capital outlay	-	-	360,142	1,485,394	1,845,536
Tourism	-	-	-	361,072	361,072
Committed to:					
Public safety	-	-	-	165,846	165,846
Assigned to:					
Public safety	-	99	-	-	99
Unassigned	14,006,637	-	-	(3,489)	14,003,148
Total fund balances	<u>15,061,903</u>	<u>99</u>	<u>360,142</u>	<u>3,606,386</u>	<u>19,028,530</u>
Total liabilities, deferred inflow of resources	<u>15,923,406</u>	<u>1,396,478</u>	<u>536,965</u>	<u>3,871,661</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.	16,842,948
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	335,891
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.	(496,325)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,253,677)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(991,846)
Net position of governmental activities	<u>\$ 26,465,521</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, 2021

	General	ARPA Fund	2016 Sales Tax	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	\$ 5,861,344	\$ -	\$ -	\$ -	\$ 5,861,344
Sales taxes	1,154,858	-	1,550,468	1,314,658	4,019,984
Business taxes	977,375	-	-	-	977,375
Other taxes	384,914	-	-	140,410	525,324
Licenses and permits	141,167	-	-	-	141,167
Intergovernmental	727,663	-	-	670,504	1,398,167
Charges for services	668,375	-	-	348,835	1,017,210
Fines and forfeitures	3,271,508	-	-	751,288	4,022,796
Interest	2,145	99	149	3,106	5,499
Other revenues	448,908	-	-	9,060	457,968
Total revenues	13,638,257	99	1,550,617	3,237,861	18,426,834
Expenditures					
Current:					
General government	2,612,285	-	-	36	2,612,321
Judicial	1,217,910	-	-	16,477	1,234,387
Public safety	6,407,773	-	-	1,022,754	7,430,527
Public works	996,522	-	-	-	996,522
Health and welfare	136,816	-	-	-	136,816
Culture and recreation	405,338	-	-	164,219	569,557
Housing and development	382,510	-	-	148,289	530,799
Intergovernmental	-	-	310,023	-	310,023
Capital outlay	-	-	1,528,779	485,025	2,013,804
Debt service:					
Principal	23,113	-	61,172	-	84,285
Interest	3,308	-	3,386	-	6,694
Issuance costs	84,390	-	-	-	84,390
Total expenditures	12,269,965	-	1,903,360	1,836,800	16,010,125
Excess (deficiency) of revenues over (under) expenditures	1,368,292	99	(352,743)	1,401,061	2,416,709
Other financing sources (uses)					
Note proceeds	6,890,000	-	-	-	6,890,000
Transfers in	44,699	-	-	80,423	125,122
Transfers out	(94,443)	-	-	(44,699)	(139,142)
Total other financing sources (uses)	6,840,256	-	-	35,724	6,875,980
Net change in fund balances	8,208,548	99	(352,743)	1,436,785	9,292,689
Fund balances, beginning of year	6,853,355	-	712,885	2,169,601	9,735,841
Fund balances, end of year	\$ 15,061,903	\$ 99	\$ 360,142	\$ 3,606,386	\$ 19,028,530

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, 2021

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

Net change in fund balances - total governmental funds	\$ 9,292,689
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.	616,884
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.	(4,455)
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.	(193,133)
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.	(3,647)
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.	(6,805,715)
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.	(975,463)
Change in net position - governmental activities	<u>\$ 1,927,160</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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property taxes	\$ 5,515,862	\$ 5,515,862	\$ 5,861,344	\$ 345,482
Sales taxes	952,131	952,131	1,154,858	202,727
Business taxes	968,777	968,777	977,375	8,598
Other taxes	400,627	400,627	384,914	(15,713)
Licenses and permits	98,655	98,655	141,167	42,512
Intergovernmental	974,648	974,648	727,663	(246,985)
Charges for services	603,414	603,414	668,375	64,961
Fines and forfeitures	2,681,993	2,681,993	3,271,508	589,515
Interest income	9,800	9,800	2,145	(7,655)
Other revenues	115,692	115,692	448,908	333,216
Total revenues	12,321,599	12,321,599	13,638,257	1,316,658
Expenditures				
Current:				
General government:				
Elections	246,233	246,233	247,110	(877)
Financial administration	982,324	982,324	889,002	93,322
Tax commissioner	391,342	391,342	397,833	(6,491)
Tax assessor	529,162	529,162	620,000	(90,838)
General government buildings and plant	366,209	366,209	450,473	(84,264)
Board of equalization	17,274	17,274	7,867	9,407
Total general government	2,532,544	2,532,544	2,612,285	(79,741)
Judicial:				
Superior court	456,499	456,499	438,956	17,543
State court	518,052	518,052	504,220	13,832
Probate-magistrate court	270,989	270,989	274,734	(3,745)
Total judicial	1,245,540	1,245,540	1,217,910	27,630
Public safety:				
Sheriff	3,381,675	3,381,675	3,525,284	(143,609)
Jail operations	1,796,730	1,796,730	1,754,955	41,775
Fire	212,054	212,054	235,222	(23,168)
Ambulance services	457,641	457,641	499,272	(41,631)
Coroner	46,246	46,246	52,798	(6,552)
Emergency management	127,805	127,805	150,827	(23,022)
Animal shelter	202,279	202,279	189,415	12,864
Total public safety	6,224,430	6,224,430	6,407,773	(183,343)
Public works:				
Roads and bridges	1,448,437	1,448,437	996,522	451,915
Total public works	1,448,437	1,448,437	996,522	451,915

(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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures (Continued)				
Current (Continued):				
Health and welfare:				
Health	\$ 52,080	\$ 52,080	\$ 52,080	\$ -
Mosquito control	34,900	34,900	15,536	19,364
Welfare	14,040	14,040	14,040	-
Family connections	48,000	48,000	55,160	(7,160)
Total health and welfare	149,020	149,020	136,816	12,204
Culture and recreation:				
Leisure services	347,671	347,671	337,338	10,333
Library	68,000	68,000	68,000	-
Total culture and recreation	415,671	415,671	405,338	10,333
Housing and development:				
County extension	77,249	77,249	56,147	21,102
Protective inspection	235,244	235,244	240,006	(4,762)
Economic opportunity	129,015	129,015	86,357	42,658
Total housing and development	441,508	441,508	382,510	58,998
Debt service:				
Principal	-	-	23,113	(23,113)
Interest	-	-	3,308	(3,308)
Issuance costs	-	-	84,390	(84,390)
Total debt service	-	-	110,811	(110,811)
Total expenditures	12,457,150	12,457,150	12,269,965	187,185
Excess (deficiency) of revenues over (under) expenditures	(135,551)	(135,551)	1,368,292	1,503,843
Other financing sources (uses)				
Proceeds from sale of assets	1,500	1,500	-	(1,500)
Capital leases	-	-	6,890,000	6,890,000
Transfers in	134,051	134,051	44,699	(89,352)
Transfers out	-	-	(94,443)	(94,443)
Total other financing sources, net	135,551	135,551	6,840,256	6,704,705
Net change in fund balances	-	-	8,208,548	8,208,548
Fund balance, beginning of year	6,853,355	6,853,355	6,853,355	-
Fund balance, end of year	\$ 6,853,355	\$ 6,853,355	\$ 15,061,903	\$ 8,208,548

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL ARPA FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 99	\$ 99
Total revenues	-	-	99	99
Net change in fund balances	-	-	99	99
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 99	\$ 99

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2021

ASSETS	Water Fund	Solid Waste Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 622,406	\$ 472,075	\$ 1,094,481
Accounts receivable, net of allowances	97,011	77,629	174,640
Prepays	-	8,358	8,358
Total current assets	719,417	558,062	1,277,479
NON-CURRENT ASSETS			
Capital assets:			
Nondepreciable	90,103	124,690	214,793
Depreciable, net of accumulated depreciation	11,126,825	1,135,907	12,262,732
Total non-current assets	11,216,928	1,260,597	12,477,525
Total assets	11,936,345	1,818,659	13,755,004
DEFERRED OUTFLOWS OF RESOURCES			
Pension	6,245	4,245	10,490
Total deferred outflows of resources	6,245	4,245	10,490
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	52,624	45,985	98,609
Accrued expenses	14,243	-	14,243
Due to other funds	58,287	-	58,287
Customer deposits	77,353	-	77,353
Current portion - compensated absences	4,087	6,809	10,896
Current portion - bond payable	110,088	-	110,088
Current portion - capital lease payable	-	98,728	98,728
Total current liabilities	316,682	151,522	468,204
LONG-TERM LIABILITIES			
Advance from other funds	-	731,389	731,389
Compensated absences, net of current portion	1,022	1,702	2,724
Accrued landfill closure/post-closure care costs	-	2,613,264	2,613,264
Bond payable, net of current portion	5,917,401	-	5,917,401
Capital lease payable, net of current portion	-	191,636	191,636
Net pension liability	31,995	21,748	53,743
Total long-term liabilities	5,950,418	3,559,739	9,510,157
Total liabilities	6,267,100	3,711,261	9,978,361
DEFERRED INFLOWS OF RESOURCES			
Pension	22,256	15,128	37,384
Total deferred inflows of resources	22,256	15,128	37,384
NET POSITION			
Net investment in capital assets	5,189,439	970,233	6,159,672
Restricted for:			
Debt service	150,175	-	150,175
Unrestricted	313,620	(2,873,718)	(2,560,098)
Total net position	\$ 5,653,234	\$ (1,903,485)	\$ 3,749,749

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, 2021

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Charges for services	\$ 789,892	\$ 2,201,794	\$ 2,991,686
Miscellaneous	52,594	-	52,594
Total operating revenues	842,486	2,201,794	3,044,280
OPERATING EXPENSES			
Salaries and benefits	188,639	315,280	503,919
Cost of sales and services	187,268	1,779,202	1,966,470
Supplies	86,208	119,660	205,868
Depreciation	297,187	181,279	478,466
Total operating expenses	759,302	2,395,421	3,154,723
Operating income (loss)	83,184	(193,627)	(110,443)
NON-OPERATING INCOME (EXPENSES)			
Interest income	124	164	288
Interest expense	(227,019)	(2,199)	(229,218)
Total non-operating income (expenses)	(226,895)	(2,035)	(228,930)
Loss before capital contributions and transfers	(143,711)	(195,662)	(339,373)
CAPITAL CONTRIBUTIONS	165,769	27,364	193,133
TRANSFERS IN	4,529	9,491	14,020
Change in net position	26,587	(158,807)	(132,220)
NET POSITION, beginning of year	5,626,647	(1,744,678)	3,881,969
NET POSITION, end of year	\$ 5,653,234	\$ (1,903,485)	\$ 3,749,749

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS SEPTEMBER 30, 2021

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 841,168	\$ 2,211,572	\$ 3,052,740
Payments to suppliers	(304,370)	(1,611,173)	(1,915,543)
Payments to employees	(159,567)	(329,730)	(489,297)
Net cash provided by operating activities	377,231	270,669	647,900
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	4,529	9,491	14,020
Net cash provided by noncapital financing activities	4,529	9,491	14,020
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital leases payable	-	(98,098)	(98,098)
Principal payments on bonds payable	(106,042)	-	(106,042)
Payments for capital assets	(42,361)	(82,507)	(124,868)
Interest paid	(229,198)	(2,199)	(231,397)
Net cash used in capital and related financing activities	(377,601)	(182,804)	(560,405)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	124	164	288
Net cash provided by investing activities	124	164	288
Net change in cash and cash equivalents	4,283	97,520	101,803
Cash and cash equivalents			
Beginning of year	618,123	374,555	992,678
End of year	\$ 622,406	\$ 472,075	\$ 1,094,481
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 83,184	\$ (193,627)	\$ (110,443)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	297,187	181,279	478,466
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,318)	9,778	8,460
(Increase) decrease in deferred outflows of resources	(711)	7,514	6,803
Increase (decrease) in accounts payable	(46,319)	23,496	(22,823)
Decrease in accrued expenses	-	(7,503)	(7,503)
Increase in due to other funds	2,339	-	2,339
Increase in customer deposits	13,086	-	13,086
Increase in advance from other funds	-	7,292	7,292
Increase in compensated absences	809	2,377	3,186
Increase (decrease) in net pension liability	12,266	(20,177)	(7,911)
Increase in landfill closure and post-closure costs	-	256,901	256,901
Increase in deferred inflows of resources	16,708	3,339	20,047
Net cash provided by operating activities	\$ 377,231	\$ 270,669	\$ 647,900
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from governmental activities	\$ 165,769	\$ 27,364	\$ 193,133

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

MCINTOSH COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2021

ASSETS	Custodial Funds
Cash and cash equivalents	\$ 940,185
Taxes receivable	<u>973,576</u>
Total assets	<u>1,913,761</u>
 LIABILITIES	
Due to others	376,066
Uncollected taxes	<u>973,576</u>
Total liabilities	<u>1,349,642</u>
 NET POSITION	
Restricted:	
Individuals, organizations, and other governments	<u>564,119</u>
Total net position	<u><u>\$ 564,119</u></u>

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS	
Taxes	\$ 17,521,547
Fines and fees	7,328,934
	<hr/>
Total additions	24,850,481
	<hr/>
DEDUCTIONS	
Taxes and fees paid to other governments	17,521,547
Other custodial disbursements	7,155,771
	<hr/>
Total deductions	24,677,318
	<hr/>
Change in fiduciary net position	173,163
	<hr/>
NET POSITION, beginning of year, as restated	390,956
	<hr/>
NET POSITION, end of year	\$ 564,119
	<hr/>

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

MCINTOSH COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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 and 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 county-wide. State law pertaining to county government provides for the independent election of these county officials. The officials are all part of the County's financial reporting 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 financially 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.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental 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 **American Rescue Plan Act ("ARPA") Fund** was established to account for the revenues and expenditures associated with the U.S. Department of Treasury's Coronavirus State and Local Recovery Funds established by the American Rescue Plan Act of 2021.

The **2016 Sales Tax ("SPLOST") Fund** is a capital projects fund used to account for the proceeds of a 1% SPLOST.

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 expenditures for specific purposes.

The **capital project funds** account for the acquisition or construction of capital facilities.

The **custodial 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 non-operating 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Primary Government	
Buildings and improvements	20 – 40 years
Machinery and equipment	5 – 15 years
Infrastructure	15 – 50 years
Water system	20 – 50 years
Landfill	15 – 50 years

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County's policy is to permit employees to accumulate up to 160 days earned but unused vacation. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

J. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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 three 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. Third, the County's net difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

K. Pensions

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Manager to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balances 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 balances, it is the County's policy to use fund balances 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

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	\$ (70,016)
Capital lease payable	(118,794)
Notes payable	(6,890,000)
Compensated absences	(174,867)
Claims and judgements payable	<u>(1,000,000)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (8,253,677)</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	\$ 1,733,659
Depreciation expense	<u>(1,116,775)</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>\$ 616,884</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Accrued interest	\$ (67,345)
Compensated absences	(3,533)
Claims and judgements payable	(1,000,000)
Change in net pension liability and related deferred outflows and inflows of resources	<u>95,415</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (975,463)</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.
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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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 GAAP and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on November 1, 2020 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.

C. Excess of Expenditures Over Appropriations

For the year ended September 30, 2021, 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	\$ 877
Tax commissioner	6,491
Tax assessor	90,838
General government buildings and plant	84,264
Probate-magistrate court	3,745
Sheriff	143,609
Fire	23,168
Ambulance services	41,631
Coroner	6,552
Emergency management	23,022
Family connections	7,160
Protective inspection	4,762
Principal	23,113
Interest	3,308
Issuance costs	84,390

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

D. Deficit Fund Balance/Net Position

The following funds reported a deficit net position of fund balance for the fiscal year ended September 30, 2021: Solid Waste Fund's deficit net position of \$1,903,485 and the Community Development Block Grant ("CDBG") Water System Fund's deficit fund balance of \$3,489. The Solid Waste deficit is intended to be eliminated through increased user charges or interfund transfers. The other deficit will be eliminated through transfers from the general fund.

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2021, are summarized as follows:

As reported in the Statement of Net Position:

Cash and cash equivalents - Primary Government	\$ 19,889,935
Cash and cash equivalents - Custodial Funds	940,185
	<u>\$ 20,830,120</u>

Cash deposited with financial institutions	<u>\$ 20,830,120</u>
--	----------------------

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

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

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, 2021, \$184,733 of the County's deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables consisted of the following at September 30, 2021, for the County's individual major funds and nonmajor funds in the aggregate:

	General	2016 Sales Tax	Nonmajor Governmental Funds	Water Fund	Solid Waste Fund	Total
Receivables:						
Taxes	\$ 580,142	\$ -	\$ 16,925	\$ -	\$ -	\$ 597,067
Accounts	25,050	-	23,382	180,825	122,569	351,826
Notes	-	-	69,382	-	-	69,382
Other governments	405,139	137,779	218,306	-	-	761,224
Gross receivables	1,010,331	137,779	327,995	180,825	122,569	1,779,499
Less allowance for uncollectibles	(191,447)	-	-	(83,814)	(44,940)	(320,201)
Net total receivable	<u>\$ 818,884</u>	<u>\$ 137,779</u>	<u>\$ 327,995</u>	<u>\$ 97,011</u>	<u>\$ 77,629</u>	<u>\$ 1,459,298</u>

Property taxes attached as an enforceable lien on property as of January 1, 2020. Property taxes were levied on September 19, 2020, and payable on or before December 5, 2020. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2021, and collected by November 30, 2021, are recognized as revenues in the year ended September 30, 2021. Net receivables estimated to be collected subsequent to November 30, 2021, 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, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 958,877	\$ -	\$ -	\$ -	\$ 958,877
Construction in progress	1,012,552	1,249,430	-	(1,195,135)	1,066,847
Total capital assets, not being depreciated	1,971,429	1,249,430	-	(1,195,135)	2,025,724
Capital assets, being depreciated:					
Buildings	11,474,617	320,355	-	-	11,794,972
Machinery and equipment	9,473,961	138,874	(412,478)	(17,214)	9,183,143
Infrastructure	34,221,501	25,000	-	1,019,216	35,265,717
Total capital assets, being depreciated	55,170,079	484,229	(412,478)	1,002,002	56,243,832
Less accumulated depreciation for:					
Buildings	(4,586,292)	(300,822)	-	-	(4,887,114)
Machinery and equipment	(6,721,902)	(511,196)	408,023	-	(6,825,075)
Infrastructure	(29,409,662)	(304,757)	-	-	(29,714,419)
Total accumulated depreciation	(40,717,856)	(1,116,775)	408,023	-	(41,426,608)
Total capital assets, being depreciated, net	14,452,223	(632,546)	(4,455)	1,002,002	14,817,224
Governmental activities capital assets, net	<u>\$ 16,423,652</u>	<u>\$ 616,884</u>	<u>\$ (4,455)</u>	<u>\$ (193,133)</u>	<u>\$ 16,842,948</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 214,793	\$ -	\$ -	\$ -	\$ 214,793
Construction in progress	953,245	15,986	-	(969,231)	-
Total capital assets, not being depreciated	1,168,038	15,986	-	(969,231)	214,793
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	2,496,733	108,882	-	140,064	2,745,679
Water system	12,735,689	-	-	1,022,300	13,757,989
Landfill	757,304	-	-	-	757,304
Total	16,164,185	108,882	-	1,162,364	17,435,431
Less accumulated depreciation for:					
Building and improvements	(98,939)	(8,324)	-	-	(107,263)
Machinery and equipment	(1,379,883)	(191,850)	-	-	(1,571,733)
Water system	(2,473,805)	(275,949)	-	-	(2,749,754)
Landfill	(741,606)	(2,343)	-	-	(743,949)
Total	(4,694,233)	(478,466)	-	-	(5,172,699)
Total capital assets, being depreciated, net	11,469,952	(369,584)	-	1,162,364	12,262,732
Business-type activities capital assets, net	<u>\$ 12,637,990</u>	<u>\$ (353,598)</u>	<u>\$ -</u>	<u>\$ 193,133</u>	<u>\$ 12,477,525</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	\$ 49,014
Judicial	4,980
Public safety	587,495
Public works	288,590
Health and welfare	11,530
Culture and recreation	175,166
Total depreciation expense - governmental activities	<u>\$ 1,116,775</u>
Business-type activities:	
Water Fund	\$ 297,187
Solid Waste Fund	181,279
Total depreciation expense - business-type activities	<u>\$ 478,466</u>

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases payable	\$ 203,079	\$ -	\$ (84,285)	\$ 118,794	\$ 68,529
Note payable - direct borrowing	-	6,890,000	-	6,890,000	387,000
Compensated absences	171,334	80,210	(76,677)	174,867	139,894
Net pension liability	1,582,459	699,762	(1,290,375)	991,846	-
Governmental activities long-term liabilities	<u>\$ 1,956,872</u>	<u>\$ 7,669,972</u>	<u>\$ (1,451,337)</u>	<u>\$ 8,175,507</u>	<u>\$ 595,423</u>
Business-type activities:					
Revenue bonds payable	\$ 6,133,531	\$ -	\$ (106,042)	\$ 6,027,489	\$ 110,088
Capital leases payable	388,462	-	(98,098)	290,364	98,728
Compensated absences	10,434	5,307	(2,121)	13,620	10,896
Closure and post-closure care	2,356,363	256,901	-	2,613,264	-
Net pension liability	61,654	37,917	(45,828)	53,743	-
Business-type activities long-term liabilities	<u>\$ 8,950,444</u>	<u>\$ 300,125</u>	<u>\$ (252,089)</u>	<u>\$ 8,998,480</u>	<u>\$ 219,712</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 related to governmental activities as of September 30, 2021:

	Governmental Activities
Equipment	\$ 249,140
Less: Accumulated depreciation	(95,661)
	<u>\$ 153,479</u>

The County recorded \$24,914 in depreciation expense on capital leases related to governmental activities during the year ended September 30, 2021.

The following is an analysis of leased assets under capital leases related to business-type activities as of September 30, 2021:

	Business-type Activities
Equipment	\$ 822,722
Less: Accumulated depreciation	(248,741)
	<u>\$ 573,981</u>

The County recorded \$82,273 in depreciation expense on capital leases related to business-type activities during the year ended September 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments related to governmental activities as of September 30, 2021:

<u>Fiscal year ending September 30,</u>	Governmental Activities
2022	\$ 72,479
2023	26,421
2024	26,421
Total minimum lease payments	<u>125,321</u>
Less amount representing interest	6,527
Present value of future minimum lease payments	<u><u>\$ 118,794</u></u>

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments related to business-type activities as of September 30, 2021:

<u>Fiscal year ending September 30,</u>	Business-type Activities
2022	\$ 100,297
2023	100,297
2024	92,572
Total minimum lease payments	<u>293,166</u>
Less amount representing interest	2,802
Present value of future minimum lease payments	<u><u>\$ 290,364</u></u>

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%.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Fiscal Year Payable	Total	Principal	Interest
2022	\$ 334,224	\$ 110,088	\$ 224,136
2023	334,224	114,288	219,936
2024	334,224	118,045	216,179
2025	334,224	123,151	211,073
2026	334,224	127,850	206,374
2027 – 2031	1,671,120	715,629	955,491
2032 – 2036	1,671,120	862,594	808,526
2037 – 2041	1,671,120	1,040,820	630,300
2042 – 2046	1,671,120	1,255,193	415,927
2047 – 2051	1,671,120	1,513,725	157,395
2052	46,307	46,106	201
	<u>\$ 10,073,027</u>	<u>\$ 6,027,489</u>	<u>\$ 4,045,538</u>

Notes Payable – Direct Borrowing. During the fiscal year ended September 30, 2021, the County issued \$6,890,000 in notes payable for the purpose of purchasing a recreation complex and certain equipment. Principal payments on this note are due in annual installments beginning in June 2022 and ending in June 2036. Interest is due in semi-annual installments beginning December 2021 through June 2036. The interest rate on the note is 2.33%

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

Fiscal Year Payable	Total	Principal	Interest
2022	\$ 549,767	\$ 387,000	\$ 162,767
2023	549,520	398,000	151,520
2024	549,247	407,000	142,247
2025	549,763	417,000	132,763
2026	550,047	427,000	123,047
2027 – 2031	2,749,317	2,288,000	461,317
2032 – 2036	2,748,113	2,566,000	182,113
	<u>\$ 8,245,774</u>	<u>\$ 6,890,000</u>	<u>\$ 1,355,774</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 \$2,613,264 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 \$4,231,441 will be recognized on a pro rata basis as the remaining estimated capacity of 67,433 cubic yards of useable space for the original landfill, and 550,788 cubic yards of useable space for the new landfill are filled. Approximately 87% of the original landfill's capacity has been used to date and 33% 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.

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 earnings 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 73,504
General Fund	2016 Sales Tax	4,508
General Fund	Water Fund	58,287
Nonmajor Governmental Funds	General Fund	456,833
		<u>\$ 593,132</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	<u>\$ 731,389</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:

<u>Transfer In</u>	<u>Transfer Out</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 44,699	\$ 44,699
Nonmajor Governmental Funds	80,423	-	80,423
Water Fund	4,529	-	4,529
Solid Waste Fund	9,491	-	9,491
	<u>\$ 94,443</u>	<u>\$ 44,699</u>	<u>\$ 139,142</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The McIntosh County Defined Benefit Plan (the "Plan"), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the "ACCG Plan"), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia ("ACCG"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership

As of January 1, 2020, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	61
Inactive plan members entitled to but not receiving benefits	96
Active plan members	135
	<hr/>
	292
	<hr/>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended September 30, 2021, the County's contribution rate was 9.9% of annual payroll. County contributions to the Plan were \$372,714 for the year ended September 30, 2021.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2020.

Actuarial Assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50%, per year with an age based scale
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2010 Amt-Weighted Mortality Table.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study through February 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions (Continued). The Plan's 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>	

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended September 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 7,068,353	\$ 5,424,240	\$ 1,644,113
Changes for the year:			
Service cost	165,944	-	165,944
Interest	494,785	-	494,785
Changes in experience	(239,366)	-	(239,366)
Assumption changes	11,319	-	11,319
Contributions - employer	-	372,715	(372,715)
Net investment income	-	724,122	(724,122)
Benefit payments, including refunds of employee contributions	(293,645)	(283,715)	(9,930)
Administrative expense	-	(34,767)	34,767
Other charges	-	(40,794)	40,794
Net changes	139,037	737,561	(598,524)
Balances at September 30, 2021	\$ 7,207,390	\$ 6,161,801	\$ 1,045,589

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.

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	\$ 1,938,964	\$ 1,045,589	\$ 299,755

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 (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2020, 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, 2021, the County recognized pension expense of \$296,239. At September 30, 2021, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 455,688
Differences between expected and actual experience of economic/demographic losses	3,981	271,618
Difference in assumption changes	200,106	-
	<u>\$ 204,087</u>	<u>\$ 727,306</u>

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

<u>Year ending September 30,</u>	
2022	\$ (131,969)
2023	(127,656)
2024	(197,003)
2025	(66,591)
Total	<u>\$ (523,219)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

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

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 publicly available at www.ersga.com.

NOTE 10. DEFINED CONTRIBUTION PLAN

The County sponsors a defined contribution plan, the Charles Schwab, Inc. Plan (the "Contribution Plan"), administered by Charles Schwab. The Contribution Plan is a 457 deferred compensation agreement. The Contribution Plan was adopted by the McIntosh County Board of Commissioner's passing of a resolution. Amendments to the Contribution Plan are under the control of the Board of Commissioners. The County does not make contributions to the Contribution Plan. All employees may contribute amounts up to the annual ceiling established by the Internal Revenue Service. All contributions are vested at the time they are made. All employees are eligible to participate in the Contribution Plan. During the fiscal year ended September 30, 2021, employees contributed \$71,960 to the Contribution Plan.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County has insurance coverage with the Association County Commissioners of Georgia-Interlocal Risk Management Agency ("ACCG-IRMA") to cover these claims. Losses relative to these risks are limited to a \$1,000 to \$5,000 per occurrence deductible provided for in the ACCG-IRMA contracts. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed in the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage description issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds. As of September 30, 2021, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The County participates in the Georgia Municipal Association Workers' Compensation Self-Insurance Fund ("GMAWCSIF"), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims in the past three years have not exceeded the coverages.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County. The County is the party to litigation where settlement was made subsequent to year end. The County has recorded a liability in the amount of \$1,000,000.

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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS

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, 2021, 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, 2021, were \$140,410. Of this amount, \$117,966 was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

NOTE 16. RESTATEMENT

In fiscal year 2021, the County adopted GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The County restated beginning net position for the Custodial Funds for the cumulative effect of this accounting change. These changes are in accordance with generally accepted accounting principles:

Net Position, Custodial Funds, as previously reported	\$ -
Prior Period Adjustment - Implementation of GASB No. 84	390,956
Net Position, Custodial Funds, as restated	<u>\$ 390,956</u>

REQUIRED SUPPLEMENTARY INFORMATION

MCINTOSH COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2021	2020	2019
Total pension liability			
Service cost	\$ 165,944	\$ 157,829	\$ 158,931
Interest on total pension liability	494,785	451,562	430,906
Changes of assumptions	11,319	306,060	315,655
Benefit payments, including refunds of employee contributions	(293,645)	(241,637)	(194,094)
Experience loss	(239,366)	(177,159)	(180,276)
Net change in total pension liability	139,037	496,655	531,122
Total pension liability - beginning	7,068,353	6,571,698	6,040,576
Total pension liability - ending (a)	\$ 7,207,390	\$ 7,068,353	\$ 6,571,698
Plan fiduciary net position			
Contributions - employer	\$ 372,715	\$ 353,853	\$ 324,599
Net investment income	724,122	907,269	(208,984)
Benefit payments, including refunds of employee contributions	(283,715)	(241,637)	(194,094)
Administrative expenses	(34,767)	(34,335)	(25,315)
Other	(40,794)	(50,230)	(22,646)
Net change in plan fiduciary net position	737,561	934,920	(126,440)
Plan fiduciary net position - beginning	5,424,240	4,489,320	4,615,760
Plan fiduciary net position - ending (b)	\$ 6,161,801	\$ 5,424,240	\$ 4,489,320
County's net pension liability - ending (a) - (b)	\$ 1,045,589	\$ 1,644,113	\$ 2,082,378
Plan fiduciary net position as a percentage of the total pension liability	85.5%	76.7%	68.3%
Covered payroll	\$ 3,755,648	\$ 3,833,923	\$ 4,262,113
County's net pension liability as a percentage of covered payroll	27.8%	42.9%	48.9%

Notes to the Schedule:

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

2018	2017	2016	2015
\$ 159,667	\$ 149,309	\$ 137,728	\$ 145,049
391,510	371,629	330,894	305,995
12,243	163,322	168,710	-
(168,702)	(155,990)	(134,925)	(119,050)
161,376	1,160	40,719	-
556,094	529,430	543,126	331,994
5,484,482	4,955,052	4,411,926	4,079,932
<u>\$ 6,040,576</u>	<u>\$ 5,484,482</u>	<u>\$ 4,955,052</u>	<u>\$ 4,411,926</u>
\$ 376,723	\$ 341,417	\$ 312,354	\$ 319,724
609,889	259,033	23,186	215,954
(168,702)	(150,352)	(130,049)	(114,747)
(23,498)	(25,688)	(22,353)	(22,549)
(96,067)	(28,542)	(37,937)	(41,002)
698,345	395,868	145,201	357,380
3,917,415	3,521,547	3,376,346	3,018,966
<u>\$ 4,615,760</u>	<u>\$ 3,917,415</u>	<u>\$ 3,521,547</u>	<u>\$ 3,376,346</u>
<u>\$ 1,424,816</u>	<u>\$ 1,567,067</u>	<u>\$ 1,433,505</u>	<u>\$ 1,035,580</u>
76.4%	71.4%	71.1%	76.5%
\$ 4,286,200	\$ 3,986,892	\$ 3,972,684	\$ 4,121,892
33.2%	39.3%	36.1%	25.1%

MCINTOSH COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COUNTY'S CONTRIBUTIONS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2021	2020	2019
Actuarially determined contribution	\$ 397,395	\$ 372,715	\$ 353,853
Contributions in relation to the actuarially determined contribution	372,714	353,853	324,599
Contribution deficiency (excess)	<u>\$ 24,681</u>	<u>\$ 18,862</u>	<u>\$ 29,254</u>
Covered payroll	\$ 3,755,648	\$ 3,833,923	\$ 4,262,113
Contributions as a percentage of covered payroll	9.9%	9.2%	7.6%

Notes to the Schedule:

Valuation date	January 1, 2021
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market value as of measurement date
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	4.50% per year with an age based scale
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

2018	2017	2016	2015
\$ 324,599	\$ 376,723	\$ 312,354	\$ 319,724
376,723	341,417	312,354	319,724
\$ (52,124)	\$ 35,306	\$ -	\$ -
\$ 4,286,200	\$ 3,986,892	\$ 3,972,684	\$ 4,121,892
8.8%	8.6%	7.9%	7.8%

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SUPPLEMENTARY INFORMATION

MCINTOSH COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Law Library Fund is used to account for the resources received from the various courts of the 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

Capital Projects Funds

Community Development Block Grant (“CDBG”) Water System Fund is used to account for activities related to the improvements of the water system.

Transportation Special Purpose Local Option Sales Tax (“TSPLOST”) Fund accounts for the proceeds of a 1% TSPLOST. Funds are used for road improvement projects.

MCINTOSH COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

ASSETS	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victims' Witness Assistance	Jail Commissary	E-911
Cash and cash equivalents	\$ 187,418	\$ 128,209	\$ 226,107	\$ 102,185	\$ 608,386	\$ 165,846	\$ 197,855
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	23,382	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	31,889	-	-	-	-
Due from other governments	-	-	-	109	11,682	-	89,850
Total assets	<u>\$ 187,418</u>	<u>\$ 128,209</u>	<u>\$ 281,378</u>	<u>\$ 102,294</u>	<u>\$ 620,068</u>	<u>\$ 165,846</u>	<u>\$ 287,705</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
LIABILITIES							
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 52
Due to other funds	31,365	-	533	5,994	-	-	35,612
Total liabilities	<u>31,365</u>	<u>-</u>	<u>533</u>	<u>20,994</u>	<u>-</u>	<u>-</u>	<u>35,664</u>
FUND BALANCES (DEFICITS)							
Nonspendable:							
Long-term note receivable	-	-	-	-	-	-	-
Restricted for:							
Judicial	156,053	-	-	-	620,068	-	-
Public safety	-	128,209	280,845	81,300	-	-	252,041
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-
Committed to:							
Public safety	-	-	-	-	-	165,846	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>156,053</u>	<u>128,209</u>	<u>280,845</u>	<u>81,300</u>	<u>620,068</u>	<u>165,846</u>	<u>252,041</u>
Total liabilities and fund balances (deficits)	<u>\$ 187,418</u>	<u>\$ 128,209</u>	<u>\$ 281,378</u>	<u>\$ 102,294</u>	<u>\$ 620,068</u>	<u>\$ 165,846</u>	<u>\$ 287,705</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Grant	Hotel/ Motel Tax	Revolving Loan	CDBG Water System	TSPLOST	
\$ 92,333	\$ -	\$ 9,665	\$ 100	\$ 1,368,729	\$ 3,086,833
-	16,925	-	-	-	16,925
-	-	-	-	-	23,382
-	-	69,382	-	-	69,382
71,886	344,147	-	8,911	-	456,833
-	-	-	-	116,665	218,306
<u>\$ 164,219</u>	<u>\$ 361,072</u>	<u>\$ 79,047</u>	<u>\$ 9,011</u>	<u>\$ 1,485,394</u>	<u>\$ 3,871,661</u>
\$ 164,219	\$ -	\$ -	\$ 12,500	\$ -	\$ 191,771
-	-	-	-	-	73,504
<u>164,219</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>265,275</u>
-	-	69,382	-	-	69,382
-	-	-	-	-	776,121
-	-	-	-	-	742,395
-	-	9,665	-	-	9,665
-	-	-	-	1,485,394	1,485,394
-	361,072	-	-	-	361,072
-	-	-	-	-	165,846
-	-	-	(3,489)	-	(3,489)
<u>-</u>	<u>361,072</u>	<u>79,047</u>	<u>(3,489)</u>	<u>1,485,394</u>	<u>3,606,386</u>
<u>\$ 164,219</u>	<u>\$ 361,072</u>	<u>\$ 79,047</u>	<u>\$ 9,011</u>	<u>\$ 1,485,394</u>	<u>\$ 3,871,661</u>

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victims' Witness Assistance	Jail Commissary	E-911
Revenues							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	268,167
Charges for services	-	-	-	-	-	87,914	260,921
Fines and forfeitures	90,654	81,078	381,850	17,790	179,916	-	-
Interest income	26	-	43	17	121	-	41
Other revenues	-	-	-	-	-	-	2,310
Total revenues	<u>90,680</u>	<u>81,078</u>	<u>381,893</u>	<u>17,807</u>	<u>180,037</u>	<u>87,914</u>	<u>531,439</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Judicial	16,477	-	-	-	-	-	-
Public works	-	78,095	244,582	29,035	65,690	53,421	551,931
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>16,477</u>	<u>78,095</u>	<u>244,582</u>	<u>29,035</u>	<u>65,690</u>	<u>53,421</u>	<u>551,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,203</u>	<u>2,983</u>	<u>137,311</u>	<u>(11,228)</u>	<u>114,347</u>	<u>34,493</u>	<u>(20,492)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	19,828
Transfers out	-	-	-	-	(44,699)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,699)</u>	<u>-</u>	<u>19,828</u>
Net change in fund balances	74,203	2,983	137,311	(11,228)	69,648	34,493	(664)
Fund balances (deficit), beginning of year	<u>81,850</u>	<u>125,226</u>	<u>143,534</u>	<u>92,528</u>	<u>550,420</u>	<u>131,353</u>	<u>252,705</u>
Fund balances (deficit), end of year	<u>\$ 156,053</u>	<u>\$ 128,209</u>	<u>\$ 280,845</u>	<u>\$ 81,300</u>	<u>\$ 620,068</u>	<u>\$ 165,846</u>	<u>\$ 252,041</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Grant	Hotel/ Motel Tax	Revolving Loan	CDBG Water System	TSPLOST	
\$ -	\$ -	\$ -	\$ -	\$ 1,314,658	\$ 1,314,658
-	140,410	-	-	-	140,410
96,874	-	310	305,153	-	670,504
-	-	-	-	-	348,835
-	-	-	-	-	751,288
-	-	2,679	-	179	3,106
6,750	-	-	-	-	9,060
103,624	140,410	2,989	305,153	1,314,837	3,237,861
-	-	36	-	-	36
-	-	-	-	-	16,477
-	-	-	-	-	1,022,754
164,219	-	-	-	-	164,219
-	148,289	-	-	-	148,289
-	-	-	167,659	317,366	485,025
164,219	148,289	36	167,659	317,366	1,836,800
(60,595)	(7,879)	2,953	137,494	997,471	1,401,061
60,595	-	-	-	-	80,423
-	-	-	-	-	(44,699)
60,595	-	-	-	-	35,724
-	(7,879)	2,953	137,494	997,471	1,436,785
-	368,951	76,094	(140,983)	487,923	2,169,601
\$ -	\$ 361,072	\$ 79,047	\$ (3,489)	\$ 1,485,394	\$ 3,606,386

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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	\$ 201,473	\$ 34,906	\$ 236,379
Animal Shelter Improvements	72,000	72,000	30,378	8,185	38,563
Elections Equipment	27,000	27,000	-	-	-
Emergency Medical Assistance Equipment	135,000	135,000	249,699	29,750	279,449
Emergency Medical Service Equipment	680,000	680,000	120,993	-	120,993
Landfill Equipment and Improvements	565,000	565,000	197,264	88,664	285,928
Leisure Services Equipment and Improvements	763,186	763,186	159,321	350,836	510,157
Roads and Bridges Improvements	1,942,906	1,942,906	891,346	252,948	1,144,294
Sheriff's Department Improvements	1,100,000	1,100,000	495,297	63,878	559,175
Volunteer Fire Equipment	547,908	547,908	255,873	118,010	373,883
Water Department	500,000	500,000	103,722	321,115	424,837
Development Authority Projects	550,000	550,000	-	-	-
County Department Equipment	132,000	132,000	98,433	-	98,433
E-911 Services Equipment	45,000	45,000	64,125	-	64,125
Recreational Facilities	370,000	370,000	320,228	260,487	580,715
Tax Assessor Equipment	80,000	80,000	80,833	-	80,833
Project Chamber of Commerce	350,000	350,000	-	-	-
City of Darien Projects	2,040,000	2,040,000	1,025,296	310,023	1,335,319
Totals	\$ 10,200,000	\$ 10,200,000	\$ 4,294,281	\$ 1,838,802	\$ 6,133,083

Note: The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to equipment purchased through capital leases being recognized in the year purchased. Payments of principal and interest made during the current year totaled \$64,558.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
<u>2019 REFERENDUM</u>					
Road Improvements	\$ 5,236,063	\$ 5,236,063	\$ 2,058	\$ 57,861	\$ 59,919
Payments to Other Governments	763,937	763,937	97,568	259,505	357,073
Totals	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 99,626</u>	<u>\$ 317,366</u>	<u>\$ 416,992</u>

MCINTOSH COUNTY, GEORGIA

CUSTODIAL FUNDS

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

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

The following custodial 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 STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS SEPTEMBER 30, 2021

ASSETS	Tax Commissioner	Clerk of Court	Probate - Magistrate Courts	Sheriff	Jail Inmate	Total
Cash and cash equivalents	\$ 235,555	\$ 502,219	\$ 23,258	\$ 139,399	\$ 39,754	\$ 940,185
Taxes receivable	973,576	-	-	-	-	973,576
Total assets	1,209,131	502,219	23,258	139,399	39,754	1,913,761
LIABILITIES						
Due to others	235,555	105,319	36	10,031	25,125	376,066
Uncollected taxes	973,576	-	-	-	-	973,576
Total liabilities	1,209,131	105,319	36	10,031	25,125	1,349,642
NET POSITION						
Restricted:						
Individuals, organizations, and other governments	-	396,900	23,222	129,368	14,629	564,119
Total net position	\$ -	\$ 396,900	\$ 23,222	\$ 129,368	\$ 14,629	\$ 564,119

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS SEPTEMBER 30, 2021

	Tax Commissioner	Clerk of Court	Probate - Magistrate Courts	Sheriff	Jail Inmate	Total
ADDITIONS						
Taxes	\$ 17,521,547	\$ -	\$ -	\$ -	\$ -	\$ 17,521,547
Fines and fees	-	6,053,246	114,070	632,145	529,473	7,328,934
Total additions	17,521,547	6,053,246	114,070	632,145	529,473	24,850,481
DEDUCTIONS						
Taxes and fees paid to other governments	17,521,547	-	-	-	-	17,521,547
Other custodial disbursements	-	5,913,916	111,884	615,127	514,844	7,155,771
Total deductions	17,521,547	5,913,916	111,884	615,127	514,844	24,677,318
Net change in fiduciary net position	-	139,330	2,186	17,018	14,629	173,163
Net position, beginning of year, as restated	-	257,570	21,036	112,350	-	390,956
Net position, end of year	<u>\$ -</u>	<u>\$ 396,900</u>	<u>\$ 23,222</u>	<u>\$ 129,368</u>	<u>\$ 14,629</u>	<u>\$ 564,119</u>

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McIntosh County, Georgia (the "County") as of and for the year ended September 30, 2021, 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 August 23, 2022. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we considered to be a 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 the financial statements. 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 2021-002.

McIntosh County, Georgia's Responses to Findings

The County'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
August 23, 2022

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified not considered
to be material weaknesses?

☒ Yes ☐ No

Noncompliance material to financial statements noted?

☒ Yes ☐ No

Federal Awards

There was not an audit of major federal award programs as of September 30, 2021 due to the total amount of expenditures being less than \$750,000.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2021-001. 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.

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.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-002. 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 County were not properly collateralized in accordance with the Official Code of Georgia Annotated ("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 County 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.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

MCINTOSH COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

2020–001. 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 2021–001.

2020–002. 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 County were not properly collateralized in accordance with Official Code of Georgia Annotated (“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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2021–002.