

**STEPHENS COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Board of Commissioners**  
**of Stephens County, Georgia**  
**Toccoa, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Stephens County, Georgia**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Stephens 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 Stephens County Department of Public Health or the Stephens County Development Authority, which statements reflect total assets of \$665,211 and \$5,449,198, respectively, as of June 30, 2016, and total revenues of \$786,192 and \$709,824, respectively, for the year ended June 30, 2016. 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 Stephens County Department of Public Health and the Stephens County Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stephens County, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the E911 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stephens County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of Stephens County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Stephens County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 8, 2016

**STEPHENS COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

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This section of Stephens County, Georgia's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016.

**Financial Highlights**

- The assets of Stephens County exceeded its liabilities at June 30, 2016, by approximately \$62.11 million (net position). Of this amount, \$7.37 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At fiscal year-end June 30, 2016, the County's General Fund reported a total fund balance of \$9,892,607.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Stephens County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Stephens County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, recreation, and housing and development.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The government-wide financial statements include not only Stephens County itself (known as the primary government), but also the Stephens County Health Department, Toccoa-Stephens County Public Library, and Stephens County Development Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Stephens County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Stephens County maintains governmental funds to account for the following activities: **General**; **Special Revenue** (E911, Jail, Water Lines, Juvenile Supervision, Drug Rehabilitation, Drug Task Force, Jail Commissary, Hotel/Motel Tax, Law Library and Grants); and **Capital Projects** (SPLOST – which includes the 2004 SPLOST, 2009 SPLOST, 2014 SPLOST and Capital Projects).

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, E911, and SPLOST funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Stephens County adopts an annual appropriated budget for its general, special revenue and proprietary funds. A budgetary comparison statement has been provided for the General and E911 Fund within the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Proprietary funds.** Services for which the government charges customers a fee are generally reported in proprietary funds. The Solid Waste Management Fund is a major enterprise fund and its business-type activities are reported with detail including cash flows.

**Fiduciary funds.** Agency funds are custodial in nature; the only required financial statements are the balance sheet and statement of fiduciary assets and liabilities. Fiduciary funds are not reflected in the government-wide financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$62,112,787 at the close of the most recent fiscal year.

A large portion of the County's net position, 78.5%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. 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.

#### Stephens County's Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2015	2016	2015	2016	2015	2016	2015 -2016
Current and other assets	\$ 18.40	\$ 17.59	\$ -	\$ 0.01	\$ 18.40	\$ 17.60	(4.35) %
Capital assets	57.48	56.50	0.54	0.53	58.02	57.03	(1.71)
Total assets	<u>75.88</u>	<u>74.09</u>	<u>0.54</u>	<u>0.54</u>	<u>76.42</u>	<u>74.63</u>	(2.34)
Long-term liabilities outstanding	7.97	6.74	0.02	0.01	7.99	6.75	(15.52)
Other liabilities	2.30	2.96	2.79	2.81	5.09	5.77	13.36
Total liabilities	<u>10.27</u>	<u>9.70</u>	<u>2.81</u>	<u>2.82</u>	<u>13.08</u>	<u>12.52</u>	(4.28)
Net position:							
Net investment in capital assets	53.44	48.21	0.54	0.54	53.98	48.75	(9.69)
Restricted for							
Capital Projects/E911	7.57	5.99	-	-	7.57	5.99	(20.87)
Unrestricted	4.60	10.19	(2.81)	(2.82)	1.79	7.37	311.73
Total net position	<u>\$ 65.61</u>	<u>\$ 64.39</u>	<u>\$ (2.27)</u>	<u>\$ (2.28)</u>	<u>\$ 63.34</u>	<u>\$ 62.11</u>	(1.94)

Unrestricted net position of \$7.39 million may be used to meet the government's ongoing obligations to citizens and creditors.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal year, Stephens County is able to report positive balances in all categories of net position for the government as a whole.

### Stephens County's Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Activities		Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 2.61	\$ 2.74	\$ 0.02	\$ 0.02	\$ 2.63	\$ 2.76	4.94 %
Operating grants and contributions	0.32	0.28	-	-	0.32	0.28	(12.50)
Capital grants and contributions	1.31	0.34	-	-	1.31	0.34	(74.05)
General revenues:							
Property taxes	8.38	8.37	-	-	8.38	8.37	(0.12)
Other taxes	6.40	6.42	-	-	6.40	6.42	0.31
Investment income	0.01	-	-	-	0.01	-	-
Gain on sale of capital assets	0.03	-	-	-	0.03	-	-
Total revenues	<u>19.06</u>	<u>18.15</u>	<u>0.02</u>	<u>0.02</u>	<u>19.08</u>	<u>18.16</u>	(4.81)
<b>Expenses</b>							
General government	3.58	3.49	-	-	3.58	3.49	(2.51)
Judicial	1.40	1.44	-	-	1.40	1.44	2.86
Public safety	3.20	5.31	-	-	3.20	5.31	65.94
Public works	6.31	5.94	-	-	6.31	5.94	(5.86)
Health and welfare	1.64	1.50	-	-	1.64	1.50	(8.54)
Recreation	0.80	0.81	-	-	0.80	0.81	1.25
Housing and development	0.35	0.35	-	-	0.35	0.35	-
Interest on long-term debt	0.21	0.16	-	-	0.21	0.16	(23.81)
Solid waste	-	-	0.40	0.40	0.40	0.40	-
Total expenses	<u>17.49</u>	<u>19.00</u>	<u>0.40</u>	<u>0.40</u>	<u>17.89</u>	<u>19.40</u>	8.42
Transfers	<u>(0.36)</u>	<u>(0.37)</u>	<u>0.36</u>	<u>0.37</u>	<u>-</u>	<u>-</u>	
Change in net position	1.21	(1.22)	(0.02)	(0.01)	1.19	(1.23)	(203.70)
Net position, beginning of year	64.40	65.61	(2.25)	(2.27)	62.15	63.34	1.91
Net position, end of year	<u>\$ 65.61</u>	<u>\$ 64.39</u>	<u>\$ (2.27)</u>	<u>\$ (2.28)</u>	<u>\$ 63.34</u>	<u>\$ 62.11</u>	(1.95)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The changes in net position between fiscal years 2015 and 2016 were affected by the following:

- Net change in total revenues is a decrease of 4.81%.
- Operating grants and contributions decreased 12.5% mainly from \$55,797 received in FY2015 from GEMA for a winter storm event.
- Capital grants and contributions decreased 74.05% mainly from a significant donated road in the amount of approximately \$940,000 from the Stephens County Development Authority (Hammerstone Drive) in the prior year.
- Net change in total expenses is an increase of 8.42%.
- Public safety expenditures increased as a result of moving expenditures classified as public works in the E911 fund in the prior year to public safety in the current year.

### **Business-type activities**

- The Stephens County Solid Waste Management Fund has continued to produce an operating loss. During the current year a loss of \$383,055 before interest and transfers from the General Fund were reported. While this fund operates with a deficit each year, the net loss decreased slightly from last year due to an increase in the transfer from the General Fund in the current fiscal year. All EPD action items were completed by means of an in house crew and outside vendors.
- A transfer of funds was made from the General Fund back to the Solid Waste Fund in the amount of \$367,905 due to the closure costs and operational needs of the landfill.

### **Financial Analysis of the Government's Funds**

**Governmental funds.** The focus of Stephens County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

#### **General Fund**

The General Fund is the chief operating fund of Stephens County. At the end of the current fiscal year, non-spendable fund balance was \$1,378,011 for prepaid items and advances to other funds, assigned fund balance of the General Fund was \$2,813,412 for landfill post closure care costs, \$314,704 for capital improvements for the E911 center, \$4,536,415 for FY 2017 budget and unassigned was \$850,065, while the total fund balance was \$9,892,607.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents 11.55% of total general fund expenditures, assigned fund balance represents 64.23%, unassigned fund balance represents 7.13%, while total fund balance represents 82.91% of that same amount.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **SPLOST 2009 and 2014**

SPLOST (Special purpose local option sales tax) Referendum passed on November 6, 2007 and November 5, 2013, respectively. Proceeds of \$16,380,000 (2009) and \$21,274,423 (2014) will fund multiple capital projects started in 2008 and 2015, respectively. At the end of the current fiscal year, combined SPLOST expenditures were \$5.30 million and revenues were \$3.32 million, leaving a fund balance of \$5.43 million. Project spending for SPLOST 2004 is complete while SPLOST 2008 spending continues and SPLOST 2014 completing its second of six years. Sales tax revenues were for SPLOST 2014.

**Proprietary funds.** Stephens County's proprietary fund provides that same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund is the Solid Waste Management Fund.

### **Solid Waste Management**

At the end of the current fiscal year, net position for the Solid Waste Management fund was \$(2,282,319) as this fund operates with a deficit each year requiring transfers from the General Fund.

### **General Fund Budgetary Highlights**

Over the course of the year, the Board of Commissioners revised the County budget on multiple occasions to avoid budget overruns.

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

**Capital assets.** Stephens County's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$56,496,306 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings, machinery and equipment, and infrastructure.

#### **Stephens County's Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2016</b>	<b>2015-2016</b>
Land	\$ 1,131,406	\$ 1,131,406	- %
Buildings and improvements	19,806,859	19,657,475	(0.75)
Machinery and equipment	4,587,990	5,171,204	12.71
Infrastructure	31,952,004	30,536,221	(4.43)
Total	<u>\$ 57,478,259</u>	<u>\$ 56,496,306</u>	(1.71)

Additional information on the County's capital assets can be found in Note 6 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt.** Stephens County's long-term debt for the year ended June 30, 2016, is summarized below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
General obligation bonds	\$ 4,500,000	\$ -	\$ -	\$ 4,500,000
Capital leases	330,521	375,556	(30,843)	675,234
Note payable	3,713,153	-	(606,201)	3,106,952
Compensated absences	177,042	131,087	(126,019)	182,110
Total	<u>\$ 8,720,716</u>	<u>\$ 506,643</u>	<u>\$ (763,063)</u>	<u>\$ 8,464,296</u>
<b>Business-type Activities:</b>				
Compensated absences	\$ 1,723	\$ -	\$ (1,723)	\$ -
Landfill post-closure	2,785,557	27,855	-	2,813,412
Total	<u>\$ 2,787,280</u>	<u>\$ 27,855</u>	<u>\$ (1,723)</u>	<u>\$ 2,813,412</u>

General obligation bonds were issued to forward fund SPLOST VI road projects. Capital leases represent 5 year leases for three pieces of road equipment and three dump trucks for public works.

Notes payable includes a 15-year installment sales agreement entered into in October 2007 for the funding of a new jail with SPLOST IV proceeds. The note payable moved to the General Fund in fiscal year 2013. Additionally, notes payable includes a five-year note for equipment at the E911 center.

Engineering and post-closure costs associated with the closing of the Stephens County landfill are estimated to be approximately \$2,813,412 over a 30-year period and are recorded as a long-term liability of the Solid Waste Management Fund. All action items requested for closure have been completed and certificate of final closure is under EPD review.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

### **Economic Factors and Next Year's Budgets**

- The millage rate remains constant at 13.41 with no net decline in the digest from prior year.
- Elimination of property homestead credit grant from the state with no local recovery.
- Title Ad Valorem Tax is making a significant difference with the inability to forecast.
- Sales tax to remain stable.
- Top three General Fund revenue sources make up 83.65% of the total general fund operating revenues.
- No major new revenue sources.
- Total operating revenues are down 2.0%.
- Prior year fund balance of \$449,022 used for the General Fund from GEMA winter event reimbursement for road equipment and to balance the 2017 budget which includes the Department of Labor ruling for salaried exempt employees that work overtime.
- Projected growth of \$1,053,502 to ending FY2016 fund balance due to collection rate budgeted at 97% ending with 99%, additional TAVT revenue, and many departments with attrition for salaries and benefits.
- No growth in Solid Waste revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Transfer from General Fund to Solid Waste declines as personnel from landfill closures are removed.
- No growth in E911 fees.
- Transfer from General Fund increased due to director turnover, dispatch employee turnover, and the first full year of Motorola post warranty on equipment.
- SPLOST VI collections to remain stable.
- Second issue of general obligation bonds of \$4,500,000 to keep the road work from declining for a year in SPLOST VI.
- Graduated scale of 2%-7% increase to employee salaries based on hourly wage rate (under \$15.00 – 7%, \$15.01 to \$20.00 – 5%, over \$20.00 – 2%).
- Major election year with Registrar office breaking back out from Probate Court combination.
- Clerk of Court and Magistrate offices have been combined for cost savings and efficiencies.
- Jail debt continues to decline each year through 2022.
- 41% increase to rural fire protection due to the departments going for many years with no increase and needing contingencies for major repairs and three new fire stations.
- Increase in Airport Authority of \$54,369 for the County's matching share of a federal grant.
- Increase to Library of 2% due to five years with no increases.
- Increase to the Humane Shelter of 6% as they are attempting to get health insurance coverage for the employees.
- Contingencies reverted back to the historical trend of \$250,000.
- Fuel cost to remain stable.
- Increasing costs to vendors for operations.
- Ambulance agreement increase of 1.8% in year 3 of a 5 year agreement.
- Litigation against Wilbros is no longer required.

These items were taken into account when adopting the General Fund budget for 2017.

The County departments will be expected to use a conservative approach to budgeting.

As for the County's business-type activities, we expect that the 2017 results will be for closure maintenance and convenient site operations as C&D closure is complete at the County landfill.

### **Requests for Information**

This financial report is designed to provide a general overview of Stephens County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Stephens County, P.O. Box 386, Toccoa, Georgia 30577.

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 15,775,555	\$ 29,293	\$ 15,804,848
Investments	-	-	-
Taxes receivable	62,035	-	62,035
Accounts receivable, net of allowances	120,561	6,695	127,256
Interest receivable	-	-	-
Due from other governments	634,954	-	634,954
Internal balances	29,292	(29,292)	-
Prepaid items	967,335	-	967,335
Land held for resale	-	-	-
Capital assets, non-depreciable	1,131,406	504,942	1,636,348
Capital assets, depreciable, net of accumulated depreciation	55,364,900	33,562	55,398,462
Total assets	74,086,038	545,200	74,631,238
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	-	-	-
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable	870,871	14,107	884,978
Accrued liabilities	191,378	-	191,378
Due to other governments	164,387	-	164,387
Note payable due within one year	611,933	-	611,933
Note payable due in more than one year	2,495,019	-	2,495,019
Capital leases due within one year	91,609	-	91,609
Capital leases due in more than one year	583,625	-	583,625
General obligation bonds due within one year	865,000	-	865,000
General obligation bonds due in more than one year	3,635,000	-	3,635,000
Compensated absences due within one year	152,945	-	152,945
Compensated absences due in more than one year	29,165	-	29,165
Net pension liability	-	-	-
Accrued closure/postclosure care costs			
due in more than one year	-	2,813,412	2,813,412
Total liabilities	9,690,932	2,827,519	12,518,451
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	-	-	-
Total deferred inflows of resources	\$ -	\$ -	\$ -



<b>Component Units</b>		
<b>Health Department</b>	<b>Library</b>	<b>Development Authority</b>
\$ 604,335	\$ 175,514	\$ 1,221,109
-	331,422	-
-	-	-
60,876	-	-
-	4,558	-
-	-	-
-	-	-
-	3,554	6,071
-	-	2,867,896
-	4,100	1,001,022
-	369,309	353,100
<u>665,211</u>	<u>888,457</u>	<u>5,449,198</u>
<u>67,806</u>	<u>10,519</u>	<u>-</u>
<u>67,806</u>	<u>10,519</u>	<u>-</u>
26,715	1,647	4,954
-	2,285	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
25,675	-	-
14,442	-	-
467,977	201,075	-
-	-	-
<u>534,809</u>	<u>205,007</u>	<u>4,954</u>
-	45,603	-
<u>\$ -</u>	<u>\$ 45,603</u>	<u>\$ -</u>

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2016

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NET POSITION	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 48,214,120	\$ 538,504	\$ 48,752,624
Restricted for:			
Capital improvements	5,430,503	-	5,430,503
Judicial programs	452,412	-	452,412
Public safety	103,256	-	103,256
Other purposes	-	-	-
Unrestricted	10,194,815	(2,820,823)	7,373,992
Total net position	<u>\$ 64,395,106</u>	<u>\$ (2,282,319)</u>	<u>\$ 62,112,787</u>

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

<b>Component Units</b>		
<b>Health Department</b>	<b>Library</b>	<b>Development Authority</b>
\$ -	\$ 373,409	\$ 1,354,122
-	-	1,502,334
-	-	-
-	-	-
681	11,450	394,401
197,527	263,507	2,193,387
<u>\$ 198,208</u>	<u>\$ 648,366</u>	<u>\$ 5,444,244</u>

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,487,680	\$ 1,476,477	\$ 91,795	\$ -
Judicial	1,440,136	332,442	123,074	-
Public safety	5,308,027	828,853	62,056	2,000
Public works	5,939,120	-	-	340,384
Health and welfare	1,501,385	14,080	-	-
Recreation	813,653	83,634	-	-
Housing and development	350,187	-	-	-
Interest on long-term debt	158,853	-	-	-
Total governmental activities	<u>18,999,041</u>	<u>2,735,486</u>	<u>276,925</u>	<u>342,384</u>
Business-type activities:				
Solid waste management	399,724	16,669	-	-
Total business-type activities	<u>399,724</u>	<u>16,669</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 19,398,765</u>	<u>\$ 2,752,155</u>	<u>\$ 276,925</u>	<u>\$ 342,384</u>
<b>Component unit:</b>				
Health Department	\$ 699,101	\$ 307,432	\$ 431,188	\$ -
Library	321,854	18,540	-	-
Development Authority	898,523	62,731	-	400,000
Total component unit	<u>\$ 1,919,478</u>	<u>\$ 388,703</u>	<u>\$ 431,188</u>	<u>\$ 400,000</u>

General revenues:  
Property taxes  
Sales taxes  
Other taxes  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position (deficit), beginning of year  
Net position (deficit), end of year

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

**Net (Expense) Revenue and  
Changes in Net Position**

Governmental Activities	Business-type Activities	Total	Component Units		
			Health Department	Library	Development Authority
\$ (1,919,408)	\$ -	\$ (1,919,408)	\$ -	\$ -	\$ -
(984,620)	-	(984,620)	-	-	-
(4,415,118)	-	(4,415,118)	-	-	-
(5,598,736)	-	(5,598,736)	-	-	-
(1,487,305)	-	(1,487,305)	-	-	-
(730,019)	-	(730,019)	-	-	-
(350,187)	-	(350,187)	-	-	-
(158,853)	-	(158,853)	-	-	-
<u>(15,644,246)</u>	<u>-</u>	<u>(15,644,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(383,055)	(383,055)	-	-	-
-	(383,055)	(383,055)	-	-	-
<u>\$ (15,644,246)</u>	<u>\$ (383,055)</u>	<u>\$ (16,027,301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 39,519	\$ -	\$ -
-	-	-	-	(303,314)	-
-	-	-	-	-	(435,792)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,519</u>	<u>\$ (303,314)</u>	<u>\$ (435,792)</u>
8,373,945	-	8,373,945	-	-	-
5,356,399	-	5,356,399	-	-	-
1,061,053	-	1,061,053	-	-	-
-	-	-	-	267,000	246,205
2,254	4	2,258	-	5,676	888
-	-	-	47,572	8,916	-
(367,905)	367,905	-	-	-	-
<u>14,425,746</u>	<u>367,909</u>	<u>14,793,655</u>	<u>47,572</u>	<u>281,592</u>	<u>247,093</u>
<u>(1,218,500)</u>	<u>(15,146)</u>	<u>(1,233,646)</u>	<u>87,091</u>	<u>(21,722)</u>	<u>(188,699)</u>
65,613,606	(2,267,173)	63,346,433	111,117	670,088	5,632,943
<u>\$ 64,395,106</u>	<u>\$ (2,282,319)</u>	<u>\$ 62,112,787</u>	<u>\$ 198,208</u>	<u>\$ 648,366</u>	<u>\$ 5,444,244</u>

# STEPHENS COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016

ASSETS	General	SPLOST	E911	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 7,787,305	\$ 5,979,718	\$ 1,428,537	\$ 579,995	\$ 15,775,555
Taxes receivable	52,892	-	-	9,143	62,035
Accounts receivable	51,368	-	69,028	165	120,561
Due from other governments	322,684	302,219	-	10,051	634,954
Due from other funds	1,669,207	-	-	425,002	2,094,209
Prepaid items	35,721	897,175	34,439	-	967,335
Advances to other funds	1,342,290	-	-	-	1,342,290
<b>Total assets</b>	<b>\$ 11,261,467</b>	<b>\$ 7,179,112</b>	<b>\$ 1,532,004</b>	<b>\$ 1,024,356</b>	<b>\$ 20,996,939</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 728,753	\$ 111,619	\$ 18,872	\$ 11,627	\$ 870,871
Accrued liabilities	190,792	-	-	-	190,792
Due to other funds	425,002	1,042,682	549,541	47,692	2,064,917
Due to other governments	-	164,387	-	-	164,387
Advances from other funds	-	429,921	912,369	-	1,342,290
<b>Total liabilities</b>	<b>1,344,547</b>	<b>1,748,609</b>	<b>1,480,782</b>	<b>59,319</b>	<b>4,633,257</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	24,313	-	-	-	24,313
<b>Total deferred inflows of resources</b>	<b>24,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,313</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	35,721	897,175	34,439	-	967,335
Advances to other funds	1,342,290	-	-	-	1,342,290
Restricted for:					
Judicial programs	-	-	-	452,412	452,412
Public safety	-	-	16,783	86,473	103,256
Capital improvements	-	4,533,328	-	332,116	4,865,444
Assigned for:					
Landfill postclosure care costs	2,813,412	-	-	-	2,813,412
Jail commissary activities	-	-	-	3,922	3,922
Capital improvements	314,704	-	-	90,114	404,818
Subsequent year's budget	4,536,415	-	-	-	4,536,415
Unassigned	850,065	-	-	-	850,065
<b>Total fund balances</b>	<b>9,892,607</b>	<b>5,430,503</b>	<b>51,222</b>	<b>965,037</b>	<b>16,339,369</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,261,467</b>	<b>\$ 7,179,112</b>	<b>\$ 1,532,004</b>	<b>\$ 1,024,356</b>	

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.	56,496,306
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	24,313
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,464,882)
<b>Net position of governmental activities</b>	<b>\$ 64,395,106</b>

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

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	SPLOST	E911	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Property taxes	\$ 8,379,101	\$ -	\$ -	\$ -	\$ 8,379,101
Sales taxes	2,080,737	3,275,662	-	-	5,356,399
Other taxes	1,021,409	-	-	39,644	1,061,053
Licenses and permits	49,857	-	-	-	49,857
Intergovernmental	322,701	-	-	360,256	682,957
Rents and royalties	43,734	-	-	-	43,734
Charges for services	506,945	-	436,473	163,263	1,106,681
Fines and forfeitures	332,442	-	-	82,020	414,462
Interest	731	8,268	1,470	53	10,522
Other revenues	960,331	31,909	477	56,119	1,048,836
Total revenues	13,697,988	3,315,839	438,420	701,355	18,153,602
<b>Expenditures:</b>					
Current:					
General government	2,314,488	-	-	758	2,315,246
Judicial	1,428,149	-	-	52,895	1,481,044
Public safety	4,203,162	-	612,365	161,540	4,977,067
Public works	973,921	-	-	334,340	1,308,261
Health and welfare	1,532,444	-	-	41,151	1,573,595
Culture and recreation	690,545	-	-	19,840	710,385
Housing and development	350,187	-	-	-	350,187
Intergovernmental	-	982,699	-	-	982,699
Capital outlay	-	4,081,738	-	79,189	4,160,927
Debt service:					
Principal	342,844	174,464	119,736	-	637,044
Interest	96,301	60,125	10,454	-	166,880
Total expenditures	11,932,041	5,299,026	742,555	689,713	18,663,335
Excess (deficiency) of revenues over (under) expenditures	1,765,947	(1,983,187)	(304,135)	11,642	(509,733)
<b>Other financing sources (uses):</b>					
Transfers in	19,804	-	304,135	60,209	384,148
Transfers out	(732,249)	-	-	(19,804)	(752,053)
Issuance of capital lease	-	375,556	-	-	375,556
Proceeds from the sale of capital assets	-	-	-	6,244	6,244
Total other financing sources (uses)	(712,445)	375,556	304,135	46,649	13,895
Net change in fund balances	1,053,502	(1,607,631)	-	58,291	(495,838)
<b>Fund balance, beginning of year</b>	8,839,105	7,038,134	51,222	906,746	16,835,207
<b>Fund balance, end of year</b>	\$ 9,892,607	\$ 5,430,503	\$ 51,222	\$ 965,037	\$ 16,339,369

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

# STEPHENS 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 JUNE 30, 2016

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

Net change in fund balances - total governmental funds	\$ (495,838)
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 amount by which depreciation exceeded capital outlay in the current period.	(973,158)
The net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to decrease net position.	(8,795)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(5,156)
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 effect of these differences in the treatment of long-term debt and related items.	261,488
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>2,959</u>
	<u>\$ (1,218,500)</u>

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



# STEPHENS COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 7,772,709	\$ 7,772,709	\$ 8,379,101	\$ 606,392
Sales taxes	2,155,493	2,155,493	2,080,737	(74,756)
Other taxes	974,670	974,670	1,021,409	46,739
Licenses and permits	66,286	66,286	49,857	(16,429)
Intergovernmental	343,399	343,399	322,701	(20,698)
Rents and royalties	40,088	40,088	43,734	3,646
Charges for services	492,240	495,240	506,945	11,705
Fines and forfeitures	327,079	327,079	332,442	5,363
Interest income	14,814	14,814	731	(14,083)
Other revenues	778,363	836,492	960,331	123,839
Total revenues	12,965,141	13,026,270	13,697,988	671,718
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
General administration	1,526,193	1,500,236	1,479,098	21,138
Registrar/elections	68,623	121,041	121,041	-
Tax commissioner	336,706	340,347	337,956	2,391
Tax assessor	392,708	396,680	376,393	20,287
Total general government	2,324,230	2,358,304	2,314,488	43,816
Judicial:				
Clerk of courts	388,684	425,595	424,742	853
Superior court	178,104	178,361	175,080	3,281
District attorney	133,125	132,766	130,714	2,052
Indigent defense	132,469	151,529	151,338	191
State court	106,093	115,321	115,321	-
Magistrate court	143,849	95,758	95,758	-
Probate court	178,642	168,510	167,768	742
Juvenile court	124,154	167,428	167,428	-
Total judicial	1,385,120	1,435,268	1,428,149	7,119
Public safety:				
Sheriff's office	2,034,768	1,929,904	1,928,243	1,661
Jail operations	1,521,625	1,676,516	1,672,455	4,061
Coroner	43,752	47,214	47,054	160
Emergency management	46,555	46,555	41,109	5,446
Probation office	130,901	138,433	138,433	-
Animal control	160,000	160,000	160,000	-
Rural fire protection	196,010	220,550	215,868	4,682
Total public safety	4,133,611	4,219,172	4,203,162	16,010
Public works:				
Public works department	713,591	910,785	909,334	1,451
Maintenance and shop	236,576	73,000	64,587	8,413
Total public works	950,167	983,785	973,921	9,864

(Continued)

# STEPHENS COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
<b>Current (Continued):</b>				
Health and welfare:				
Public welfare	\$ 60,467	\$ 62,817	\$ 54,372	\$ 8,445
Health and human services	1,273,987	1,270,669	1,267,415	3,254
Senior citizens center	210,001	211,992	210,657	1,335
Total health and welfare	1,544,455	1,545,478	1,532,444	13,034
Culture and recreation:				
Parks and recreation	430,079	438,956	423,545	15,411
Library	267,000	267,000	267,000	-
Total culture and recreation	697,079	705,956	690,545	15,411
Housing and development:				
County agent's office	72,818	73,301	69,908	3,393
Planning and zoning	10,155	1,453	1,453	-
Economic development	208,500	208,500	208,500	-
Building inspection	25,700	21,642	21,079	563
Airport	10,000	10,000	10,000	-
Payments to other agencies	467,568	304,590	39,247	265,343
Total housing and development	794,741	619,486	350,187	269,299
<b>Debt service:</b>				
Principal	343,182	342,844	342,844	-
Interest	96,337	96,337	96,301	36
Total debt service	439,519	439,181	439,145	36
Total expenditures	12,268,922	12,306,630	11,932,041	374,589
Excess of revenues over expenditures	696,219	719,640	1,765,947	1,046,307
<b>Other financing sources (uses):</b>				
Transfers in	12,609	12,609	19,804	7,195
Transfers out	(708,828)	(732,249)	(732,249)	-
Total other financing sources (uses)	(696,219)	(719,640)	(712,445)	7,195
Net change in fund balance	-	-	1,053,502	1,053,502
Fund balance, beginning of year	8,839,105	8,839,105	8,839,105	-
Fund balance, end of year	\$ 8,839,105	\$ 8,839,105	\$ 9,892,607	\$ 1,053,502

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

# STEPHENS COUNTY, GEORGIA

## E911 FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 453,630	\$ 453,630	\$ 436,473	\$ (17,157)
Interest income	1,494	1,494	1,470	(24)
Other revenues	300	300	477	177
Total revenues	455,424	455,424	438,420	(17,004)
<b>Expenditures:</b>				
Current:				
Public safety				
Personal services	538,811	548,214	543,756	4,458
Supplies	4,000	2,917	2,917	-
Contractual services	53,430	65,782	65,692	90
Debt service				
Principal	119,736	119,736	119,736	-
Interest	10,454	10,454	10,454	-
Total expenditures	726,431	747,103	742,555	4,548
Deficiency of revenues over expenditures	(271,007)	(291,679)	(304,135)	(12,456)
<b>Other financing sources:</b>				
Transfers in	271,007	291,679	304,135	12,456
Total other financing sources	271,007	291,679	304,135	12,456
Net change in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	51,222	51,222	51,222	-
<b>Fund balance, end of year</b>	\$ 51,222	\$ 51,222	\$ 51,222	\$ -

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

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2016

	<b>Solid Waste Management Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 29,293
Accounts receivable	6,695
Total current assets	<u>35,988</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable assets	504,942
Depreciable assets	454,149
Less accumulated depreciation	<u>(420,587)</u>
Total capital assets net of accumulated depreciation	<u>538,504</u>
Total assets	<u>574,492</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	14,107
Due to other funds	<u>29,292</u>
Total current liabilities	<u>43,399</u>
Long-term liabilities:	
Accrued closure/post-closure care costs	<u>2,813,412</u>
Total long-term liabilities	<u>2,813,412</u>
Total liabilities	<u>2,856,811</u>
<b>NET POSITION</b>	
Investment in capital assets	538,504
Unrestricted (deficit)	<u>(2,820,823)</u>
Total net position	<u>\$ (2,282,319)</u>

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

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Solid Waste Management Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Landfill fees	\$ 9,974
Miscellaneous	6,695
Total operating revenues	16,669
<b>OPERATING EXPENSES</b>	
Salaries and benefits	80,869
Supplies and maintenance	58,002
Utilities	9,322
Office expense	1,297
Contractual services	237,368
Depreciation	2,652
Indirect costs	10,214
Total operating expenses	399,724
Operating loss	(383,055)
<b>NON-OPERATING REVENUE</b>	
Interest income	4
Total non-operating revenue	4
Loss before transfers	(383,051)
Transfer in	367,905
Change in net position	(15,146)
<b>NET POSITION (Deficit), beginning of year</b>	(2,267,173)
<b>NET POSITION (Deficit), end of year</b>	\$ (2,282,319)

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

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Solid Waste Management Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 6,151
Other receipts	6,695
Payments to suppliers and service providers	(342,587)
Payments to employees	(82,592)
	(412,333)
Net cash used in operating activities	(412,333)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	4
	4
Net cash provided by investing activities	4
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from other funds	367,905
	367,905
Net cash provided by noncapital activities	367,905
Net decrease in cash and cash equivalents	(44,424)
<b>Cash and cash equivalents:</b>	
Beginning of year	73,717
End of year	\$ 29,293
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (383,055)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,652
Decrease in accounts receivable	(3,823)
Decrease in accounts payable	(9,815)
Decrease in due to other funds	(44,424)
Decrease in compensated absences	(1,723)
Increase in closure/post-closure payable	27,855
	27,855
Net cash used in operating activities	\$ (412,333)

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

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 686,027
Taxes receivable	81,526
Accounts receivable	<u>608</u>
Total assets	<u><u>\$ 768,161</u></u>
<b>LIABILITIES</b>	
Due to others	\$ 686,635
Uncollected taxes	<u>81,526</u>
Total liabilities	<u><u>\$ 768,161</u></u>

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

# STEPHENS COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stephens County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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

Stephens County was created by legislative act on August 19, 1905, and operates under a County Commissioner form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture and recreation, court system, public improvements, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Stephens County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, the financial statements of the component units are discretely presented in the government-wide financial statements.

#### Discretely Presented Component Units

The Stephens County Department of Public Health (the "Health Department") is governed by a seven-member board consisting of one member of the County's Board of Commissioners and two members as appointed by the County Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health service fees. The Health Department has a June 30<sup>th</sup> year-end and is presented as a governmental fund type component unit.

The Health Department's financial statements can be obtained by writing to the Stephens County Health Department, 222 North Boulevard, Toccoa, Georgia 30577.

The Toccoa-Stephens County Public Library (the "Library") is governed by a six-member board approved by the County Commissioners. The County has assumed the obligation to provide financial support to the Library. The Library has a June 30<sup>th</sup> year-end and is presented as a governmental fund type component unit.



## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Units (Continued)

The Library's financial statements can be obtained by writing to the Toccoa-Stephens County Public Library, 53 W. Savannah Street, Toccoa, Georgia 30577.

The Stephens County Development Authority (the "Development Authority") is governed by a five-member board consisting of one member of the County's Board of Commissioners and two members as appointed by the County Commissioners. A financial burden exists with respect to the County's relationship with the Development Authority. The Development Authority has a June 30<sup>th</sup> year-end and is presented as a business-type component unit.

The Authority's financial statements can be obtained by writing to the Stephens County Development Authority, 31 W. Doyle Street, Toccoa, Georgia 30577.

#### 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 units. 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 are 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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, except that agency funds have no measurement focus. 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.

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

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the 1% Special Purpose Local Option Sales Tax program.

The **E-911 Fund** is used to account for the collection of 911 charges associated with wireless bills inside the County. This fund accounts for expenditures related to the operation of the communication center and the upgrade and maintenance of the wireless provider towers.

## NOTES TO FINANCIAL STATEMENTS

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

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

The County reports the following major proprietary fund:

The ***Solid Waste Management Fund*** is used to account for the receipts from services billed to customers and the payment of costs of collection.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Fund*** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's solid waste function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 revenue of the enterprise fund is charges to customers for sales and services provided. Operating expenses for the enterprise fund includes 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### **D. Budgets**

Formal budgetary accounting is employed as a management control device for the General Fund and the Special Revenue Funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and the following Special Revenue Funds: the Law Library Fund, the Drug Task Force Fund, the Jail Commissary Fund, the Jail Fund, the Drug Rehabilitation Fund, the Juvenile Supervision Fund, the Hotel/Motel Tax Fund, the Grant Fund, the E911 Fund, and the Water Lines Fund. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. Budgets for the Capital Projects Fund are adopted on a project basis, spanning more than one fiscal year. The County Commission must approve any amendments to the budget.

All annual appropriations lapse at the end of each fiscal year.

#### **E. Cash and Cash Equivalents**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **F. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

#### **G. Prepaid Items**

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.

#### **H. 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 \$2,000 and an estimated useful life in excess of

## NOTES TO FINANCIAL STATEMENTS

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

#### H. Capital Assets (Continued)

one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets, the County chose to include all items regardless of their acquisition date. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred. Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings	50
Vehicles	5 - 10
Machinery and equipment	3 - 50
Infrastructure	40

#### I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

#### J. 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 are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred. Bonds payable are reported net of the applicable bond premium or discount.

## NOTES TO FINANCIAL STATEMENTS

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

#### J. 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.

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

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, have established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County did not have any items that required reporting in this category.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

#### 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”.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Fund Equity (Continued)

**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 Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners 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 Board of Commissioners has authorized the Finance Director 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 balance may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) 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

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Fund Equity (Continued)

##### *Net Position (Continued)*

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. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

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

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes 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:

General obligation bonds payable	\$ (4,500,000)
Note payable	(3,106,952)
Capital leases payable	(675,234)
Accrued interest payable	(586)
Compensated absences	(182,110)
	<hr/>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<hr/> <hr/> \$ (8,464,882)



## 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

The governmental fund statement of revenues, expenditures and changes in fund balances includes 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 estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 1,948,930
Depreciation expense	<u>(2,922,088)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (973,158)</u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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. The details of this difference are as follows:

Proceeds:	
Capital leases	\$ (375,556)
Principal repayments:	
Note payable	606,201
Capital leases	<u>30,843</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 261,488</u>

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 3. LEGAL COMPLIANCE - BUDGETS**

#### **A. Budgets and Budgetary Accounting**

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the Department Heads submit to the County Administrator a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Administrator for study.
2. Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
3. Prior to July 1, the budget is legally adopted by the Board of Commissioners through the passage of a resolution.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds. Additionally, an annual budget is adopted for the SPLOST Fund and the Capital Projects Fund.
6. The budgets for the General Fund and the following Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions: the Law Library Fund, the Drug Task Force Fund, the Jail Commissary Fund, the Jail Fund, the Drug Rehabilitation Fund, the Juvenile Supervision Fund, the Grant Fund, the E911 Fund, the Hotel/Motel Tax Fund, and the Water Lines Fund.

Budgeted amounts are as originally adopted on June 23, 2015, or as amended by the Board of Commissioners. The supplementary budgetary appropriations made were not material.

#### **B. Deficit Net Position**

The Solid Waste Management Fund reported a deficit net position of \$2,282,319 as of June 30, 2016. It is anticipated that the deficit will be reduced by future transfers from the general fund.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS

**Custodial Credit Risk – Deposits.** 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 June 30, 2016, the deposits of the County, the Health Department, the Library and the Development Authority were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

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

### NOTE 5. RECEIVABLES

Receivables at June 30, 2016, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>E911 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Solid Waste Management Fund</u>	<u>Total</u>
Receivables:						
Taxes	\$ 52,892	\$ -	\$ -	\$ 9,143	\$ -	\$ 62,035
Other governments	322,684	302,219	-	10,051	-	634,954
Accounts	51,368	-	69,028	165	6,695	127,256
Net receivables	<u>\$ 426,944</u>	<u>\$ 302,219</u>	<u>\$ 69,028</u>	<u>\$ 19,359</u>	<u>\$ 6,695</u>	<u>\$ 824,245</u>

Property taxes were levied on September 15, 2015. Bills are payable on or before November 15, 2015, after which the applicable property is subject to lien. The County bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables. The receivables collected during the year ended June 30, 2016, and collected by August 31, 2016, are recognized as revenues in the year ended June 30, 2016.

Net receivables estimated to be collected subsequent to August 31, 2016 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes are attached as an enforceable lien on property as of February 16, 2016.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,131,406	\$ -	\$ -	\$ -	\$ 1,131,406
Total capital assets, not being depreciated	<u>1,131,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131,406</u>
Capital assets, being depreciated:					
Infrastructure	59,564,361	49,780	-	-	59,614,141
Buildings	28,912,032	420,944	-	-	29,332,976
Machinery and equipment	7,978,246	654,542	-	-	8,632,788
Vehicles	3,774,834	823,664	(30,649)	-	4,567,849
Total capital assets, being depreciated	<u>100,229,473</u>	<u>1,948,930</u>	<u>(30,649)</u>	<u>-</u>	<u>102,147,754</u>
Less accumulated depreciation for:					
Infrastructure	27,612,357	1,465,563	-	-	29,077,920
Buildings	9,105,173	570,328	-	-	9,675,501
Machinery and equipment	4,204,972	652,141	-	-	4,857,113
Vehicles	2,960,118	234,056	(21,854)	-	3,172,320
Total accumulated depreciation	<u>43,882,620</u>	<u>2,922,088</u>	<u>(21,854)</u>	<u>-</u>	<u>46,782,854</u>
Total capital assets, being depreciated, net	<u>56,346,853</u>	<u>(973,158)</u>	<u>(8,795)</u>	<u>-</u>	<u>55,364,900</u>
Governmental activities capital assets, net	<u>\$ 57,478,259</u>	<u>\$ (973,158)</u>	<u>\$ (8,795)</u>	<u>\$ -</u>	<u>\$ 56,496,306</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 504,942	\$ -	\$ -	\$ 504,942
Total capital assets not being depreciated	<u>504,942</u>	<u>-</u>	<u>-</u>	<u>504,942</u>
Capital assets, being depreciated:				
Buildings	56,903	-	-	56,903
Machinery and equipment	365,266	-	-	365,266
Vehicles	31,980	-	-	31,980
Total capital assets, being depreciated	<u>454,149</u>	<u>-</u>	<u>-</u>	<u>454,149</u>
Less accumulated depreciation for:				
Buildings	28,256	1,138	-	29,394
Machinery and equipment	357,699	1,514	-	359,213
Vehicles	31,980	-	-	31,980
Total accumulated depreciation	<u>417,935</u>	<u>2,652</u>	<u>-</u>	<u>420,587</u>
Total capital assets being depreciated, net	<u>36,214</u>	<u>(2,652)</u>	<u>-</u>	<u>33,562</u>
Business-type activities capital assets, net	<u>\$ 541,156</u>	<u>\$ (2,652)</u>	<u>\$ -</u>	<u>\$ 538,504</u>

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

Governmental activities:	
General government	\$ 197,349
Judicial	13,005
Public safety	842,232
Public works	1,646,729
Health and welfare	90,298
Culture and recreation	<u>132,475</u>
Total depreciation expense - governmental activities	<u>\$ 2,922,088</u>
Business-type activities:	
Solid waste management	<u>\$ 2,652</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### B. Discretely Presented Component Units

##### Department of Public Health

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 9,521	\$ -	\$ -	\$ 9,521
Total capital assets, being depreciated	<u>9,521</u>	<u>-</u>	<u>-</u>	<u>9,521</u>
Less accumulated depreciation for:				
Machinery and equipment	9,521	-	-	9,521
Total accumulated depreciation	<u>9,521</u>	<u>-</u>	<u>-</u>	<u>9,521</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

##### Toccoa-Stephens County Public Library

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 4,100	\$ -	\$ -	\$ 4,100
Total capital assets not being depreciated	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
Capital assets, being depreciated:				
Buildings	786,166	-	-	786,166
Improvements	225,245	-	-	225,245
Furniture and equipment	159,439	-	-	159,439
Total capital assets, being depreciated	<u>1,170,850</u>	<u>-</u>	<u>-</u>	<u>1,170,850</u>
Less accumulated depreciation for:				
Buildings	546,461	20,158	-	566,619
Improvements	72,725	15,289	-	88,014
Furniture and equipment	142,673	4,235	-	146,908
Total accumulated depreciation	<u>761,859</u>	<u>39,682</u>	<u>-</u>	<u>801,541</u>
Total capital assets being depreciated, net	<u>408,991</u>	<u>(39,682)</u>	<u>-</u>	<u>369,309</u>
Total capital assets, net	<u>\$ 413,091</u>	<u>\$ (39,682)</u>	<u>\$ -</u>	<u>\$ 373,409</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 4,500,000	\$ -	\$ -	\$ 4,500,000	\$ 865,000
Capital leases	330,521	375,556	(30,843)	675,234	91,609
Notes payable	3,713,153	-	(606,201)	3,106,952	611,933
Compensated absences	177,042	131,087	(126,019)	182,110	152,945
Governmental activities long-term liabilities	<u>\$ 8,720,716</u>	<u>\$ 506,643</u>	<u>\$ (763,063)</u>	<u>\$ 8,464,296</u>	<u>\$ 1,721,487</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 1,723	\$ -	\$ (1,723)	\$ -	\$ -
Landfill closure/post-closure	2,785,557	27,855	-	2,813,412	-
Business-type activities long-term liabilities	<u>\$ 2,787,280</u>	<u>\$ 27,855</u>	<u>\$ (1,723)</u>	<u>\$ 2,813,412</u>	<u>\$ -</u>

For governmental funds, compensated absences are liquidated by the General Fund and E911 Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Management Fund.

**General Obligation Bonds.** In May 2015, the County issued \$4,500,000 in general obligation sales tax bonds to provide funds for the acquisition and construction of major capital items, with repayment derived from special purpose local option sales tax collections. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The interest rate on the general obligation sales tax bonds is 1.43%.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 865,000	\$ 58,165	\$ 923,165
2018	890,000	45,617	935,617
2019	900,000	32,819	932,819
2020	915,000	19,841	934,841
2021	930,000	6,650	936,650
Total	<u>\$ 4,500,000</u>	<u>\$ 163,092</u>	<u>\$ 4,663,092</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

**Capital Leases.** The County entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rate on the leases is 2.08%.

The cost and related accumulated depreciation of assets under capital leases as of June 30, 2016 is as follows:

	<b>Governmental Activities</b>
Equipment	\$ 835,240
Less accumulated depreciation	(61,392)
	\$ 773,848

The County recorded depreciation expense in the amount of \$61,392 for the year ended June 30, 2016.

The County's total capital lease debt service requirements to maturity are as follows:

<b>Year ending June 30.</b>	<b>Amount</b>
2017	\$ 104,981
2018	104,982
2019	104,891
2020	399,476
Total minimum lease payments	714,330
Less amount representing interest	39,096
Present value of future minimum lease payments	\$ 675,234

**Notes Payable.** The County entered into an installment sales agreement in October 2007 for the purpose of providing funding for a new jail facility. The total amount of funding provided was \$7,100,000. Payments are due monthly beginning November 2007 through October 2022 with interest at 3.93%.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

**Notes Payable (Continued).** The County entered into a note payable agreement in September 2014 for the purpose of providing funding for E911 equipment. The total amount of funding provided was \$1,371,447. Payments are due monthly beginning December 2014 through November 2019 with an interest rate of 2.082%

Debt service requirements to maturity at June 30, 2016 for the notes payable are as follows:

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 611,933	\$ 97,130	\$ 709,063
2018	617,727	77,784	695,511
2019	623,644	58,315	681,959
2020	460,032	39,709	499,741
2021	340,120	25,422	365,542
2022 and 2023	453,496	12,811	466,307
Total	<u>\$ 3,106,952</u>	<u>\$ 311,171</u>	<u>\$ 3,418,123</u>

**Landfill post-closure costs.** Effective February 2016, the County's landfill was closed and no additional waste has been accepted. State and Federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. The total estimated liability for post-closure care is \$2,813,412 at June 30, 2016. These costs are based on what it would cost to perform all post-closure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during this period, the costs and time period required for maintenance and monitoring functions may increase.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### B. Component Units

The following is a summary of long-term debt activity for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Health Department:</b>					
Net pension liability	\$ 390,064	\$ 77,913	\$ -	\$ 467,977	\$ -
Compensated absences	46,275	24,240	(30,398)	40,117	25,675
Total Health Department	<u>\$ 436,339</u>	<u>\$ 102,153</u>	<u>\$ (30,398)</u>	<u>\$ 508,094</u>	<u>\$ 25,675</u>
<b>Library:</b>					
Net pension liability	\$ 169,463	\$ 56,901	\$ (25,289)	\$ 201,075	\$ -
Total Library	<u>\$ 169,463</u>	<u>\$ 56,901</u>	<u>\$ (25,289)</u>	<u>\$ 201,075</u>	<u>\$ -</u>

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

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 47,692
General Fund	E911 Fund	549,541
General Fund	SPLOST Fund	1,042,682
General Fund	Solid Waste Management Fund	29,292
Nonmajor Governmental Funds	General Fund	425,002
		<u>\$ 2,094,209</u>

Advances to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	SPLOST Fund	\$ 429,921
General Fund	E911 Fund	912,369
		<u>\$ 1,342,290</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. The advance from the SPLOST fund is expected to be repaid over the course of the next three years from future SPLOST receipts as the General Fund paid for various SPLOST approved capital expenditures. The advance from the E911 fund is expected to be repaid from future E911 charges for services over the next three years.

## NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 19,804
Nonmajor Governmental Funds	General Fund	60,209
Solid Waste Management Fund	General Fund	367,905
E911 Fund	General Fund	304,135
		\$ 752,053

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, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The County participates in the Stephens County Pension Plan and Trust (the "Plan"), a defined contribution plan, administered primarily by the Minnesota Mutual Insurance Company. The Plan provides retirement benefits to plan participants and beneficiaries. Employee vesting in the County's contributions to the plan is based on a five-year graded vesting schedule. The County contributes an amount equal to 1.5% of the plan year covered compensation of all qualifying participants which totaled 102 at June 30, 2016. For the fiscal year ending June 30, 2016, the County's contribution to the Plan was \$56,457. Employee voluntary contributions are not allowed under provisions of the plan.

	<u>Amount</u>	<u>Percent of covered payroll</u>
Contribution requirement by County	\$56,457	1.5%
Contributions made by County	\$56,457	1.5%
 Total covered payroll	 \$3,763,787	

The Plan, as established, does not recognize prior service cost as it is based exclusively on current compensation of all participants. To participate, the employee must have a year of service and not have waived participation in the County's Plan in order to participate in another plan. The Plan was established by resolution of the Board of Commissioners and may be amended in the same manner.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 9. DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)**

The County has established two deferred compensation plans under Internal Revenue Code Section 457(g) which cover substantially all eligible employees. The County's fiduciary responsibilities are limited to acting as sponsor of the Plan and as an agent for its participants with respect to contributions and disbursements of benefits. The County has appointed an outside administrator for the plan. The County does not meet the criteria in GASB 32 to report the Section 457 Plan; therefore, the Section 457 Plan is not reported in these financial statements.

### **NOTE 10. 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 for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, which are public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' 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.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. COMMITMENTS AND CONTINGENCIES**

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

### **NOTE 12. JOINT VENTURE**

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2016, the County paid \$18,425 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional commissions in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission  
1310 West Ridge Road  
Gainesville, GA 30501

## **SUPPLEMENTARY INFORMATION**

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# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

**Jail Fund** – This fund is used to account for the expenditures made towards maintenance and operations of the County jail.

**Water Lines Fund** – This fund is used to account for the SPLOST II funds which remain unspent and the interest which they earn. The expenditures for this account are to be used specifically for work being done on the water lines throughout the County.

**Juvenile Supervision Fund** – This fund is used to account for the collection of certain penalties associated with foster children and for the expenditures related to care and assistance for those children.

**Drug Rehabilitation Fund** – This fund is used to account for collection of additional penalties for certain drug related crimes and for expenditures of those funds for drug abuse treatment and education programs.

**Drug Task Force Fund** – This fund accounts for the match portion of the membership to the local federal agencies.

**Jail Commissary Fund** – This fund is used to account for proceeds from jail inmate commissary sales.

**Hotel/Motel Tax Fund** – This fund is used to account for the collection of hotel and motel taxes within the County and for the expenditures made distributing the collections to the appropriate entities.

**Law Library Fund** – This fund is used to account for revenues generated through special filing charges in the County court system which are used to acquire and maintain library materials.

**Grant Fund** – This fund is used to account for the collection and expenditures of various federal and state grants received by the County.

## Capital Projects Fund

**Capital Projects Fund** – This fund is used to account for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

**STEPHENS COUNTY, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 81,760	\$ 47,903	\$ 1,787	\$ 336,843	\$ 21,870
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other governments	1,630	-	-	8,421	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 83,390</b>	<b>\$ 47,903</b>	<b>\$ 1,787</b>	<b>\$ 345,264</b>	<b>\$ 21,870</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,352	\$ -	\$ -	\$ 386	\$ 940
Due to other funds	16,495	-	-	27,783	-
<b>Total liabilities</b>	<b>17,847</b>	<b>-</b>	<b>-</b>	<b>28,169</b>	<b>940</b>
<b>FUND BALANCES</b>					
Restricted for:					
Judicial programs	-	-	1,787	317,095	-
Public safety	65,543	-	-	-	20,930
Capital improvements	-	-	-	-	-
Assigned for:					
Jail commissary activity	-	-	-	-	-
Capital improvements	-	47,903	-	-	-
<b>Total fund balances</b>	<b>65,543</b>	<b>47,903</b>	<b>1,787</b>	<b>317,095</b>	<b>20,930</b>
<b>Total liabilities and fund balances</b>	<b>\$ 83,390</b>	<b>\$ 47,903</b>	<b>\$ 1,787</b>	<b>\$ 345,264</b>	<b>\$ 21,870</b>



<b>Jail Commissary Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Law Library Fund</b>	<b>Grant Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 3,922	\$ -	\$ 40,644	\$ -	\$ 45,266	\$ 579,995
-	-	-	-	165	165
-	9,143	-	-	-	9,143
-	-	-	-	-	10,051
-	-	-	425,002	-	425,002
<u>\$ 3,922</u>	<u>\$ 9,143</u>	<u>\$ 40,644</u>	<u>\$ 425,002</u>	<u>\$ 45,431</u>	<u>\$ 1,024,356</u>
\$ -	\$ 5,729	\$ -	\$ -	\$ 3,220	\$ 11,627
-	3,414	-	-	-	47,692
-	9,143	-	-	3,220	59,319
-	-	40,644	92,886	-	452,412
-	-	-	-	-	86,473
-	-	-	332,116	-	332,116
3,922	-	-	-	-	3,922
-	-	-	-	42,211	90,114
<u>3,922</u>	<u>-</u>	<u>40,644</u>	<u>425,002</u>	<u>42,211</u>	<u>965,037</u>
<u>\$ 3,922</u>	<u>\$ 9,143</u>	<u>\$ 40,644</u>	<u>\$ 425,002</u>	<u>\$ 45,431</u>	<u>\$ 1,024,356</u>

# STEPHENS COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
<b>Revenues:</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	26,140	-
Charges for services	39,720	-	-	-	-
Fines and forfeitures	10,350	-	426	44,872	12,839
Interest income	4	-	-	26	-
Other revenues	-	-	-	-	-
Total revenues	50,074	-	426	71,038	12,839
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Public safety	34,676	-	-	-	3,994
Public works	-	-	-	-	-
Health and welfare	-	-	850	40,301	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	34,676	-	850	40,301	3,994
Excess (deficiency) of revenues over (under) expenditures	15,398	-	(424)	30,737	8,845
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	15,398	-	(424)	30,737	8,845
<b>Fund balances, beginning of year</b>	50,145	47,903	2,211	286,358	12,085
<b>Fund balances, end of year</b>	\$ 65,543	\$ 47,903	\$ 1,787	\$ 317,095	\$ 20,930

<u>Jail Commissary Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Law Library Fund</u>	<u>Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 39,644	\$ -	\$ -	\$ -	\$ 39,644
-	-	-	334,116	-	360,256
123,543	-	-	-	-	163,263
-	-	13,533	-	-	82,020
-	-	7	-	16	53
-	-	-	56,119	-	56,119
<u>123,543</u>	<u>39,644</u>	<u>13,540</u>	<u>390,235</u>	<u>16</u>	<u>701,355</u>
-	-	-	-	758	758
-	-	52,895	-	-	52,895
121,731	-	-	1,139	-	161,540
-	-	-	334,340	-	334,340
-	-	-	-	-	41,151
-	19,840	-	-	-	19,840
-	-	-	18,857	60,332	79,189
<u>121,731</u>	<u>19,840</u>	<u>52,895</u>	<u>354,336</u>	<u>61,090</u>	<u>689,713</u>
<u>1,812</u>	<u>19,804</u>	<u>(39,355)</u>	<u>35,899</u>	<u>(61,074)</u>	<u>11,642</u>
-	-	-	-	60,209	60,209
-	(19,804)	-	-	-	(19,804)
-	-	-	-	6,244	6,244
-	(19,804)	-	-	66,453	46,649
1,812	-	(39,355)	35,899	5,379	58,291
2,110	-	79,999	389,103	36,832	906,746
<u>\$ 3,922</u>	<u>\$ -</u>	<u>\$ 40,644</u>	<u>\$ 425,002</u>	<u>\$ 42,211</u>	<u>\$ 965,037</u>

## STEPHENS COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
Roads, bridges, and culverts	\$ 10,378,431	\$ 10,378,431	\$ 687,859	\$ 3,261,663	\$ 3,949,522
Fire department	400,000	400,000	8,563	380,143	388,706
Ambulance vehicles	904,215	904,215	142,007	145,938	287,945
Sheriff vehicles	1,500,000	1,500,000	118,134	105,221	223,355
Courthouse annex renovations	230,000	230,000	-	-	-
Recreation upgrades and improvements	383,350	383,350	-	-	-
Jail equipment	50,000	50,000	35,396	-	35,396
Historic courthouse acoustics	35,000	35,000	16,549	-	16,549
Humane shelter parking lot	35,000	35,000	-	-	-
Emergency communications	750,000	750,000	1,398,671	-	1,398,671
City of Toccoa	6,285,427	6,285,427	892,418	982,699	1,875,117
City of Martin	217,000	217,000	217,000	-	217,000
City of Avalon	106,000	106,000	106,000	-	106,000
	<u>\$ 21,274,423</u>	<u>\$ 21,274,423</u>	<u>\$ 3,622,597</u>	<u>\$ 4,875,664</u>	<u>\$ 8,498,261</u>

Debt service payments on equipment already  
included as an expenditure above

214,418  
\$ 5,090,082

# STEPHENS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Project</u>	Estimated Cost		Expenditures		<u>Total</u>
	Original	Current	Prior Years	Current Year	
Sewer projects	\$ 1,000,000	\$ 1,000,000	\$ 103,202	\$ 25,990	\$ 129,192
Hayestone-Brady Park Project	7,000,000	7,000,000	1,546	-	1,546
County fire projects	3,500,000	3,500,000	2,494,014	127,334	2,621,348
Purchase of sheriff vehicles	420,000	420,000	338,848	-	338,848
Road improvements	2,260,000	2,260,000	1,959,286	281	1,959,567
Airport terminal project	1,200,000	1,200,000	984,787	-	984,787
Farmer market project	100,000	100,000	102,600	-	102,600
Recreation project	700,000	700,000	316,858	35,168	352,026
Fueling station	200,000	200,000	202,602	-	202,602
	\$ 16,380,000	\$ 16,380,000	\$ 6,503,743	\$ 188,773	\$ 6,692,516
Debt service payments on equipment already included as an expenditure above				20,171	
				\$ 208,944	

## STEPHENS COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
Acquisition, construction and equipping of new County jail	\$ 7,221,788	\$ 7,221,788	\$ 6,991,250	\$ -	\$ 6,991,250
Renovation and equipping of historic courthouse	2,104,834	2,104,834	2,364,783	-	2,364,783
Acquisition, construction and equipping of enhanced 911 facility	1,896,870	1,896,870	1,896,870	-	1,896,870
Purchase of EMS vehicles	530,000	530,000	530,403	-	530,403
Road and bridge improvements	561,508	561,508	579,199	-	579,199
City of Toccoa (20.548%)	<u>3,185,000</u>	<u>3,185,000</u>	<u>1,427,616</u>	<u>-</u>	<u>1,427,616</u>
	<u>\$ 15,500,000</u>	<u>\$ 15,500,000</u>	<u>\$ 13,790,121</u>	<u>\$ -</u>	<u>\$ 13,790,121</u>

## AGENCY FUNDS

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

**Sheriff** – This fund is used to account for collection of fees, proceeds from judicial sales, and cash bonds, which are disbursed to other agencies, the County, and individuals.

**Probation Office** – This fund is used to account for collection of probation fees, fines and restitution, which are disbursed to other agencies, the County, and individuals.

**Jail Inmate** – This fund is used to account for jail inmate funds while in custody and for purchases from the jail commissary by inmates.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

**Clerk of Courts**  
**Probate Court**  
**Magistrate Court**

# STEPHENS COUNTY, GEORGIA

## COMBINING BALANCE SHEET AGENCY FUNDS JUNE 30, 2016

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<b><u>ASSETS</u></b>	<b><u>Tax Commissioner</u></b>	<b><u>Clerk of Courts</u></b>	<b><u>Probate Court</u></b>	<b><u>Magistrate Court</u></b>
Cash and cash equivalents	\$ 476,987	\$ 71,105	\$ 1,493	\$ 62,073
Taxes receivable	81,526	-	-	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ 558,513</u>	<u>\$ 71,105</u>	<u>\$ 1,493</u>	<u>\$ 62,073</u>
 <b><u>LIABILITIES</u></b>				
Due to others	\$ 476,987	\$ 71,105	\$ 1,493	\$ 62,073
Uncollected taxes	81,526	-	-	-
Total liabilities	<u>\$ 558,513</u>	<u>\$ 71,105</u>	<u>\$ 1,493</u>	<u>\$ 62,073</u>



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<u>Sheriff</u>	<u>Jail Inmate</u>	<u>Probation Office</u>	<u>Total</u>
\$ -	\$ 25,721	\$ 48,648	\$ 686,027
-	-	-	81,526
-	608	-	608
<u>\$ -</u>	<u>\$ 26,329</u>	<u>\$ 48,648</u>	<u>\$ 768,161</u>
\$ -	\$ 26,329	\$ 48,648	\$ 686,635
-	-	-	81,526
<u>\$ -</u>	<u>\$ 26,329</u>	<u>\$ 48,648</u>	<u>\$ 768,161</u>

## **COMPLIANCE SECTION**

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

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**Board of Commissioners  
of Stephens County, Georgia  
Toccoa, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Stephens County, Georgia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Stephens County, Georgia's basic financial statements, and have issued our report thereon dated December 8, 2016. Our report includes a reference to other auditors who audited the financial statements of the Stephens County Department of Public Health and the Stephens County Development Authority, as described in our report on Stephens 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 Stephens County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

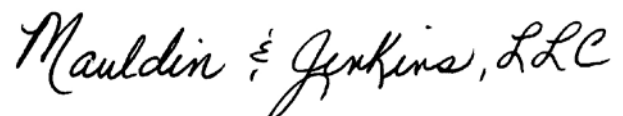
As part of obtaining reasonable assurance about whether Stephens County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

### **Stephens County, Georgia's Response to the Finding**

Stephens County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Stephens County, Georgia's response was 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 entity'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.



Macon, Georgia  
December 8, 2016

# STEPHENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  Yes  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 June 30, 2016 due to the total amount expended being less than \$750,000.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **2016-001. Segregation of Duties (Repeat finding)**

**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:** Appropriate segregation of duties does not exist among recording, distribution, reconciliation of cash accounts and other operational functions in various areas of County operations, including the offices of elected officials (Tax Commissioner, Probate Court, Magistrate Court and the Probation Office), the Landfill, the Law Library and the County's Finance Department.

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

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

**STEPHENS COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2016-001. Segregation of Duties (Repeat finding)**

**Cause:** The failure to properly segregate duties is due to the limited number of individuals available in each office to perform each of the duties.

**Recommendation:** The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

**Views of Responsible Officials/Corrective Action:** We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

**STEPHENS COUNTY, GEORGIA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**2015-1. 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:** For the fiscal year ended June 30, 2015, there was not appropriate segregation of duties among recording, distribution, reconciliation of cash accounts and other operational functions in the offices of the elected officials and the various funds possessed by the County.

**Auditee Response/Status:** Unresolved. See current year finding 2016-001.

**2015-2. Collateralization of Deposits**

**Criteria:** The Official Code of Georgia (OCGA) Section 45-8-12(c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

**Condition:** For the year ended June 30, 2015, County deposits with one financial institution were undercollateralized.

**Auditee Response/Status:** Resolved.

# STEPHENS COUNTY, GEORGIA

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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### 2016-001. Segregation of Duties

**Name of the Contact Person Responsible for the Corrective Action Plan:** Phyllis Ayers, County Manager.

**Corrective Action Plan:** The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

**Anticipated Completion Date:** Future fiscal years.