

**STEPHENS COUNTY, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**STEPHENS COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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, 2017, 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, Stephens County Development Authority, or Stephens County Hospital Authority, which statements reflect total assets and deferred outflows of resources of \$852,034, \$4,519,232, and \$36,700,408, respectively, as of June 30, 2017, and total revenues of \$711,265, \$266,445 and \$43,122,571, respectively, for the year ended June 30, 2017. 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 22, 2017, 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephens County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 22, 2017

**STEPHENS COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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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, 2017.

**Financial Highlights**

- The assets of Stephens County exceeded its liabilities at June 30, 2017, by approximately \$59.87 million (net position). Of this amount, \$7.95 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At fiscal year-end June 30, 2017, the County's General Fund reported a total fund balance of \$10,730,172.

**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, Stephens County Development Authority, and Stephens County Hospital. 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** (2009 SPLOST, 2014 SPLOST and Operational Capital).

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 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 Fund within the basic financial statements.

**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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 \$59,866,498 at the close of the most recent fiscal year.

A large portion of the County's net position, 75.23%, 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
	2016	2017	2016	2017	2016	2017	2016 -2017
Current and other assets	\$ 17.59	\$ 19.03	\$ 0.01	\$ -	\$ 17.60	\$ 19.03	8.13 %
Capital assets	56.50	53.75	0.53	0.55	57.03	54.30	(4.79)
Total assets	<u>74.09</u>	<u>72.78</u>	<u>0.54</u>	<u>0.55</u>	<u>74.63</u>	<u>73.33</u>	(1.74)
Long-term liabilities outstanding	6.74	7.31	0.01	0.02	6.75	7.33	8.59
Other liabilities	2.96	3.28	2.81	2.85	5.77	6.13	6.24
Total liabilities	<u>9.70</u>	<u>10.59</u>	<u>2.82</u>	<u>2.87</u>	<u>12.52</u>	<u>13.46</u>	7.51
Net position:							
Net investment in capital assets	48.21	44.49	0.54	0.55	48.75	45.04	(7.61)
Restricted for							
Capital Projects/E911	5.99	6.88	-	-	5.99	6.88	14.86
Unrestricted	10.19	10.82	(2.82)	(2.87)	7.37	7.95	7.87
Total net position	<u>\$ 64.39</u>	<u>\$ 62.19</u>	<u>\$ (2.28)</u>	<u>\$ (2.32)</u>	<u>\$ 62.11</u>	<u>\$ 59.87</u>	(3.61)

Unrestricted net position of \$7.95 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 a positive balance 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
	2016	2017	2016	2017	2016	2017	2016-2017
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 2.74	\$ 2.74	\$ 0.02	\$ -	\$ 2.76	\$ 2.74	(0.72) %
Operating grants and contributions	0.28	0.27	-	-	0.28	0.27	(3.57)
Capital grants and contributions	0.34	0.61	-	-	0.34	0.61	79.41
General revenues:							
Property taxes	8.37	8.52	-	-	8.37	8.52	1.79
Other taxes	6.42	6.39	-	-	6.42	6.39	(0.47)
Investment income	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-
Total revenues	<u>18.15</u>	<u>18.53</u>	<u>0.02</u>	<u>-</u>	<u>18.17</u>	<u>18.53</u>	1.95
<b>Expenses</b>							
General government	3.49	3.69	-	-	3.49	3.69	5.73
Judicial	1.44	1.53	-	-	1.44	1.53	6.25
Public safety	5.31	6.18	-	-	5.31	6.18	16.38
Public works	5.94	5.98	-	-	5.94	5.98	0.67
Health and welfare	1.50	1.61	-	-	1.50	1.61	7.33
Recreation	0.81	0.84	-	-	0.81	0.84	3.70
Housing and development	0.35	0.36	-	-	0.35	0.36	3
Interest on long-term debt	0.16	0.22	-	-	0.16	0.22	37.50
Solid waste	-	-	0.40	0.36	0.40	0.36	(10)
Total expenses	<u>19.00</u>	<u>20.41</u>	<u>0.40</u>	<u>0.36</u>	<u>19.40</u>	<u>20.77</u>	7.05
Transfers	<u>(0.37)</u>	<u>(0.32)</u>	<u>0.37</u>	<u>0.32</u>	<u>-</u>	<u>-</u>	
Change in net position	(1.22)	(2.20)	(0.01)	(0.04)	(1.23)	(2.24)	(82.28)
Net position, beginning 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>	(1.94)
Net position, end of year	<u>\$ 64.39</u>	<u>\$ 62.19</u>	<u>\$ (2.28)</u>	<u>\$ (2.32)</u>	<u>\$ 62.11</u>	<u>\$ 59.87</u>	(3.61)

The changes in net position between fiscal years 2016 and 2017 were affected by the following:

- Net change in total revenues is an increase of 1.94%.
- Majority of the increase in revenues is from public works capital grants and contributions from last year at \$263,971.
- Net change in total expenses is an increase of 7.05%.
- Interest on long term debt contributes a 37.50% increase due to public works forward funding from SPLOST VI for roadwork and capital equipment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Business-type activities

- The Stephens County Solid Waste Management Fund has continued to produce an operating loss. During the current year a loss of \$364,429 before interest and transfers from the General Fund were reported. While this fund operates with a deficit each year, the operating loss decreased slightly from last year due to a decrease in closure expenses last 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 \$320,227 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 \$187,172 for prepaid items and \$638,263 for advances to other funds, assigned fund balance of the General Fund was \$2,849,987 for landfill post closure care costs, \$280,826 for capital improvements, \$3,671,333 for FY 2018 budget and unassigned was \$3,102,591, while the total fund balance was \$10,730,172.

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 6.57% of total general fund expenditures, assigned fund balance represents 54.19%, unassigned fund balance represents 24.72%, while total fund balance represents 85.48% of that same amount.

#### SPLOST 2009 and 2014 Funds

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 \$5.06 million and revenues were \$3.23 million, leaving a fund balance of \$6.38 million. Sales tax revenues were for SPLOST 2014.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**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 Fund

At the end of the current fiscal year, unrestricted net position for the Solid Waste Management fund was \$(2,874,457) 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, 2017, amounts to \$53,746,454 (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)

	Governmental Activities		Percentage Change
	2016	2017	2016-2017
Land	\$ 1,131,406	\$ 1,131,406	-
Buildings and improvements	19,657,475	18,804,561	(4.34)
Machinery and equipment	5,171,204	4,764,619	(7.86)
Infrastructure	30,536,221	29,045,868	(4.88)
Total	\$ 56,496,306	\$ 53,746,454	(4.87)

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, 2017, 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	\$ 2,000,000	\$ (865,000)	\$ 5,635,000
Capital leases	675,234	620,279	(168,717)	1,126,796
Note payable	3,106,952	-	(611,933)	2,495,019
Compensated absences	182,110	138,879	(111,121)	209,868
Total	<u>\$ 8,464,296</u>	<u>\$ 2,759,158</u>	<u>\$ (1,756,771)</u>	<u>\$ 9,466,683</u>
<b>Business-type Activities:</b>				
Landfill post-closure	<u>\$ 2,813,412</u>	<u>\$ 36,575</u>	<u>\$ -</u>	<u>\$ 2,849,987</u>
	<u>\$ 2,813,412</u>	<u>\$ 36,575</u>	<u>\$ -</u>	<u>\$ 2,849,987</u>

General obligation bonds were issued to forward fund SPLOST VI road projects. Capital leases represent leases for six 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 \$2,849,987 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 will increase from 13.41 to 14.41 due to a projected increase in the digest from prior year of .16%. At millage rate adoption the majority of the board adopted 14.91 as the final.
- Title Ad Valorem Tax making a significant difference with the inability to forecast.
- Sales tax showing no growth opportunities.
- Top three General Fund revenue sources make up 81.79% of the total general fund operating revenues at 14.41 mills.
- No major new net revenue sources.
- Decrease in PILOT agreement revenue source of \$64,712 with the Development Authority.
- Total operating revenues are up 1.55% from millage rate increase at 14.41 mills.
- Prior year fund balance of \$746,537 used to balance the General Fund at 14.41 mills.
- Projected growth of \$438,690 to ending FY 2016 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 costs decline for closure and removal of 1 Amnesty Day.
- No growth in E911 fees.
- Transfer from General Fund will increase due to increase in current pay, current benefits, entry level pay, and Next Generation CAD System.
- SPLOST VI collections to remain stable.
- Increase in SPLOST VI revenue of \$187,000 to partner with the City and pave 26 City streets with County crews.
- Pay increase of 5% for full time and 2% for part time employees to retain and attract employees.
- Retirement plan changes from a 1.5% to a 3.5% matching program to retain and attract employees.
- Absorb 100% of health care cost increase to retain and attract employees.
- Increases requested to fill additional positions in numerous departments with the court system on the rise.
- Increase in County Fire for cancer insurance policy required from HB 146.
- Increase of \$30,000 for a charter bus to be used at the Senior Center.
- Decrease in numerous departments to help offset the need for a millage rate increase.
- Jail debt continues to decline each year through 2022.
- Contingencies at 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 4 of 5 year agreement.

These items were taken into account when adopting the General Fund budget for 2018.

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 2018 results will be for closure maintenance and convenient site operations as C&D closure is complete at the County landfill and we are awaiting final certificate.

### **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, 2017

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 18,047,399	\$ 86,880	\$ 18,134,279
Restricted cash and investments	-	-	-
Investments	-	-	-
Taxes receivable	30,270	-	30,270
Accounts receivable, net of allowances	101,149	30	101,179
Interest receivable	-	-	-
Inventories	-	-	-
Due from other governments	538,404	-	538,404
Internal balances	86,880	(86,880)	-
Prepaid items	221,746	-	221,746
Land held for resale	-	-	-
Capital assets, non-depreciable	1,131,406	504,942	1,636,348
Capital assets, depreciable, net of accumulated depreciation	52,615,048	42,996	52,658,044
Total assets	72,772,302	547,968	73,320,270
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	-	-	-
Total deferred outflows of resources	-	-	-
<b>LIABILITIES</b>			
Accounts payable	572,097	24,500	596,597
Accrued liabilities	251,018	-	251,018
Due to other governments	289,487	-	289,487
Note payable due within one year	617,727	-	617,727
Note payable due in more than one year	1,877,292	-	1,877,292
Capital leases due within one year	217,391	-	217,391
Capital leases due in more than one year	909,405	-	909,405
General obligation bonds due within one year	1,195,000	-	1,195,000
General obligation bonds due in more than one year	4,440,000	-	4,440,000
Compensated absences due within one year	128,058	-	128,058
Compensated absences due in more than one year	81,810	-	81,810
Net pension liability	-	-	-
Accrued closure/postclosure care costs			
due in more than one year	-	2,849,987	2,849,987
Total liabilities	10,579,285	2,874,487	13,453,772
<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>	<b>Hospital Authority</b>
\$ 696,627	\$ 212,755	\$ 1,085,564	\$ 1,282,924
-	-	-	2,277,399
-	331,476	-	-
-	-	-	-
18,288	-	-	10,864,683
-	7,433	-	-
-	-	-	1,704,287
-	-	-	-
-	-	-	-
-	4,347	6,021	334,749
-	-	3,038,942	-
-	4,100	59,178	2,089,672
-	329,628	329,527	18,146,694
<u>714,915</u>	<u>889,739</u>	<u>4,519,232</u>	<u>36,700,408</u>
<u>137,119</u>	<u>35,724</u>	<u>-</u>	<u>-</u>
<u>137,119</u>	<u>35,724</u>	<u>-</u>	<u>-</u>
48,126	2,917	3,921	3,974,224
-	2,855	-	4,241,473
-	-	-	-
-	-	-	320,839
-	-	-	5,554,152
-	-	-	532,314
-	-	-	632,898
-	-	-	-
-	-	-	-
33,000	-	-	-
18,524	-	-	-
513,251	138,588	-	-
-	-	-	-
<u>612,901</u>	<u>144,360</u>	<u>3,921</u>	<u>15,255,900</u>
<u>2,751</u>	<u>10,490</u>	<u>-</u>	<u>-</u>
<u>\$ 2,751</u>	<u>\$ 10,490</u>	<u>\$ -</u>	<u>-</u>

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF NET POSITION

JUNE 30, 2017

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NET POSITION	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 44,489,639	\$ 547,938	\$ 45,037,577
Restricted for:			
Capital improvements	6,382,392	-	6,382,392
Judicial programs	399,278	-	399,278
Public safety	101,603	-	101,603
Other purposes	-	-	-
Unrestricted	10,820,105	(2,874,457)	7,945,648
Total net position	<u>\$ 62,193,017</u>	<u>\$ (2,326,519)</u>	<u>\$ 59,866,498</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>	<b>Hospital Authority</b>
\$ -	\$ 333,728	\$ 388,705	\$ 13,196,163
-	-	389,924	-
-	-	-	-
-	-	-	-
-	12,980	444,401	448,213
236,382	423,905	3,292,281	7,800,132
<u>\$ 236,382</u>	<u>\$ 770,613</u>	<u>\$ 4,515,311</u>	<u>\$ 21,444,508</u>

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<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	\$ 3,693,923	\$ 1,415,564	\$ 80,832	\$ -
Judicial	1,522,937	371,644	140,482	-
Public safety	6,166,420	852,389	46,480	2,000
Public works	5,984,593	-	-	604,355
Health and welfare	1,605,052	8,181	-	-
Recreation	839,626	87,461	-	-
Housing and development	363,569	-	-	-
Interest on long-term debt	224,573	-	-	-
Total governmental activities	<u>20,400,693</u>	<u>2,735,239</u>	<u>267,794</u>	<u>606,355</u>
Business-type activities:				
Solid waste management	365,074	645	-	-
Total business-type activities	<u>365,074</u>	<u>645</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 20,765,767</u>	<u>\$ 2,735,884</u>	<u>\$ 267,794</u>	<u>\$ 606,355</u>
<b>Component unit:</b>				
Health Department	\$ 673,091	\$ 281,712	\$ 380,423	\$ -
Library	189,978	20,388	-	-
Development Authority	1,195,378	11,588	-	1,000
Hopsital Authority	47,693,801	43,097,198	-	-
Total component unit	<u>\$ 49,752,248</u>	<u>\$ 43,410,886</u>	<u>\$ 380,423</u>	<u>\$ 1,000</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	Hospital Authority
\$ (2,197,527)	\$ -	\$ (2,197,527)	\$ -	\$ -	\$ -	\$ -
(1,010,811)	-	(1,010,811)	-	-	-	-
(5,265,551)	-	(5,265,551)	-	-	-	-
(5,380,238)	-	(5,380,238)	-	-	-	-
(1,596,871)	-	(1,596,871)	-	-	-	-
(752,165)	-	(752,165)	-	-	-	-
(363,569)	-	(363,569)	-	-	-	-
(224,573)	-	(224,573)	-	-	-	-
<u>(16,791,305)</u>	<u>-</u>	<u>(16,791,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(364,429)	(364,429)	-	-	-	-
-	(364,429)	(364,429)	-	-	-	-
<u>\$ (16,791,305)</u>	<u>\$ (364,429)</u>	<u>\$ (17,155,734)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ (10,956)	\$ -	\$ -	\$ -
-	-	-	-	(169,590)	-	-
-	-	-	-	-	(1,182,790)	-
-	-	-	-	-	-	(4,596,603)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,956)</u>	<u>\$ (169,590)</u>	<u>\$ (1,182,790)</u>	<u>(4,596,603)</u>
8,518,943	-	8,518,943	-	-	-	-
5,279,762	-	5,279,762	-	-	-	-
1,108,641	-	1,108,641	-	-	-	-
-	-	-	-	273,550	253,239	-
2,097	2	2,099	-	8,473	618	25,373
-	-	-	49,130	9,814	-	-
(320,227)	320,227	-	-	-	-	-
<u>14,589,216</u>	<u>320,229</u>	<u>14,909,445</u>	<u>49,130</u>	<u>291,837</u>	<u>253,857</u>	<u>25,373</u>
<u>(2,202,089)</u>	<u>(44,200)</u>	<u>(2,246,289)</u>	<u>38,174</u>	<u>122,247</u>	<u>(928,933)</u>	<u>(4,571,230)</u>
64,395,106	(2,282,319)	62,112,787	198,208	648,366	5,444,244	26,015,738
<u>\$ 62,193,017</u>	<u>\$ (2,326,519)</u>	<u>\$ 59,866,498</u>	<u>\$ 236,382</u>	<u>\$ 770,613</u>	<u>\$ 4,515,311</u>	<u>21,444,508</u>

**STEPHENS COUNTY, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

<b>ASSETS</b>	<b>General</b>	<b>SPLOST</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Cash and cash equivalents	\$ 8,952,869	\$ 8,343,921	\$ 750,609	\$ 18,047,399
Taxes receivable	20,094	-	10,176	30,270
Accounts receivable	21,573	-	79,576	101,149
Due from other governments	214,932	292,769	30,703	538,404
Due from other funds	1,819,756	158,146	550,067	2,527,969
Prepaid items	187,172	8,169	26,405	221,746
Advances to other funds	638,263	-	-	638,263
<b>Total assets</b>	<b>\$ 11,854,659</b>	<b>\$ 8,803,005</b>	<b>\$ 1,447,536</b>	<b>\$ 22,105,200</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 479,262	\$ 56,272	\$ 36,563	\$ 572,097
Accrued liabilities	200,762	-	1,356	202,118
Due to other funds	390,945	1,657,668	392,476	2,441,089
Due to other governments	40,258	249,229	-	289,487
Advances from other funds	-	457,444	180,819	638,263
<b>Total liabilities</b>	<b>1,111,227</b>	<b>2,420,613</b>	<b>611,214</b>	<b>4,143,054</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	13,260	-	-	13,260
<b>Total deferred inflows of resources</b>	<b>13,260</b>	<b>-</b>	<b>-</b>	<b>13,260</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	187,172	8,169	26,405	221,746
Advances to other funds	638,263	-	-	638,263
Restricted for:				
Judicial programs	-	-	399,278	399,278
Public safety	-	-	101,603	101,603
Capital improvements	-	6,374,223	600,416	6,974,639
Assigned for:				
Landfill postclosure care costs	2,849,987	-	-	2,849,987
Jail commissary activities	-	-	4,227	4,227
Capital improvements	280,826	-	72,409	353,235
Subsequent year's budget	3,671,333	-	-	3,671,333
Unassigned	3,102,591	-	(368,016)	2,734,575
<b>Total fund balances</b>	<b>10,730,172</b>	<b>6,382,392</b>	<b>836,322</b>	<b>17,948,886</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,854,659</b>	<b>\$ 8,803,005</b>	<b>\$ 1,447,536</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.	53,746,454
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	13,260
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,515,583)
<b>Net position of governmental activities</b>	<b>\$ 62,193,017</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, 2017**

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Property taxes	\$ 8,529,996	\$ -	\$ -	\$ 8,529,996
Sales taxes	2,050,707	3,229,055	-	5,279,762
Other taxes	1,072,374	-	36,267	1,108,641
Licenses and permits	92,653	-	-	92,653
Intergovernmental	322,794	-	645,349	968,143
Rents and royalties	43,734	-	-	43,734
Charges for services	571,153	-	629,568	1,200,721
Fines and forfeitures	371,644	-	98,012	469,656
Interest	762	4,209	1,335	6,306
Other revenues	819,560	-	10,712	830,272
Total revenues	<u>13,875,377</u>	<u>3,233,264</u>	<u>1,421,243</u>	<u>18,529,884</u>
<b>Expenditures:</b>				
Current:				
General government	2,338,151	-	-	2,338,151
Judicial	1,501,647	-	10,592	1,512,239
Public safety	4,485,368	-	861,865	5,347,233
Public works	1,212,998	-	614,118	1,827,116
Health and welfare	1,534,910	-	58,108	1,593,018
Culture and recreation	690,862	-	18,134	708,996
Housing and development	363,569	-	-	363,569
Intergovernmental	-	968,717	-	968,717
Capital outlay	-	2,782,955	193,766	2,976,721
Debt service:				
Principal	342,909	1,180,425	122,316	1,645,650
Interest	82,432	85,952	7,875	176,259
Issuance costs	-	41,750	-	41,750
Total expenditures	<u>12,552,846</u>	<u>5,059,799</u>	<u>1,886,774</u>	<u>19,499,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,322,531</u>	<u>(1,826,535)</u>	<u>(465,531)</u>	<u>(969,535)</u>
<b>Other financing sources (uses):</b>				
Transfers in	18,133	158,145	461,872	638,150
Transfers out	(782,099)	-	(176,278)	(958,377)
Issuance of general obligation bonds	-	2,000,000	-	2,000,000
Issuance of capital lease	-	620,279	-	620,279
Proceeds from the sale of capital assets	279,000	-	-	279,000
Total other financing sources (uses)	<u>(484,966)</u>	<u>2,778,424</u>	<u>285,594</u>	<u>2,579,052</u>
Net change in fund balances	837,565	951,889	(179,937)	1,609,517
<b>Fund balance, beginning of year</b>	<u>9,892,607</u>	<u>5,430,503</u>	<u>1,016,259</u>	<u>16,339,369</u>
<b>Fund balance, end of year</b>	<u>\$ 10,730,172</u>	<u>\$ 6,382,392</u>	<u>\$ 836,322</u>	<u>\$ 17,948,886</u>

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, 2017

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

Net change in fund balances - total governmental funds	\$	1,609,517
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.		(2,437,001)
The net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to decrease net position.		(312,851)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(11,053)
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.		(974,629)
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.		
Accrued interest		(48,314)
Compensated absences		(27,758)
		<hr/>
	\$	<u>(2,202,089)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 8,109,948	\$ 8,109,948	\$ 8,529,996	\$ 420,048
Sales taxes	2,088,950	2,088,950	2,050,707	(38,243)
Other taxes	1,054,548	1,054,548	1,072,374	17,826
Licenses and permits	47,480	47,480	92,653	45,173
Intergovernmental	308,375	308,375	322,794	14,419
Rents and royalties	40,089	40,089	43,734	3,645
Charges for services	509,396	511,896	571,153	59,257
Fines and forfeitures	334,316	334,316	371,644	37,328
Interest income	720	720	762	42
Other revenues	649,913	674,781	819,560	144,779
Total revenues	13,143,735	13,171,103	13,875,377	704,274
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
General administration	1,848,593	1,569,745	1,497,295	72,450
Registrar/elections	136,506	113,558	97,502	16,056
Tax commissioner	345,167	353,362	336,020	17,342
Tax assessor	414,793	430,887	407,334	23,553
Total general government	2,745,059	2,467,552	2,338,151	129,401
Judicial:				
Clerk of courts	439,686	451,345	447,041	4,304
Superior court	125,094	123,256	114,120	9,136
District attorney	133,363	133,581	132,983	598
Indigent defense	205,562	253,122	252,139	983
State court	115,043	140,886	140,375	511
Magistrate court	65,722	68,548	67,117	1,431
Probate court	181,304	186,877	180,323	6,554
Juvenile court	179,092	172,092	167,549	4,543
Total judicial	1,444,866	1,529,707	1,501,647	28,060
Public safety:				
Sheriff's office	1,875,275	2,062,293	2,032,391	29,902
Jail operations	1,721,894	1,872,353	1,753,746	118,607
Coroner	51,157	51,157	37,456	13,701
Emergency management	44,252	44,252	39,676	4,576
Probation office	141,683	157,183	153,829	3,354
Animal control	169,939	169,939	169,939	-
Rural fire protection	302,847	316,371	298,331	18,040
Total public safety	4,307,047	4,673,548	4,485,368	188,180
Public works:				
Public works department	1,038,428	1,150,403	1,141,102	9,301
Maintenance and shop	32,161	79,292	71,896	7,396
Total public works	1,070,589	1,229,695	1,212,998	16,697

(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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
<b>Current (Continued):</b>				
Health and welfare:				
Public welfare	\$ 60,467	\$ 60,467	\$ 49,129	\$ 11,338
Health and human services	1,281,629	1,268,477	1,265,817	2,660
Senior citizens center	216,967	229,541	219,964	9,577
Total health and welfare	1,559,063	1,558,485	1,534,910	23,575
Culture and recreation:				
Parks and recreation	426,622	447,970	417,312	30,658
Library	273,550	273,550	273,550	-
Total culture and recreation	700,172	721,520	690,862	30,658
Housing and development:				
County agent's office	70,933	70,413	69,529	884
Planning and zoning	1,935	7,045	6,878	167
Economic development	203,500	207,017	207,017	-
Building inspection	25,300	25,595	25,471	124
Airport	64,369	12,407	12,407	-
Payments to other agencies	291,747	42,267	42,267	-
Total housing and development	657,784	364,744	363,569	1,175
<b>Debt service:</b>				
Principal	342,909	342,909	342,909	-
Interest	82,439	82,439	82,432	7
Total debt service	425,348	425,348	425,341	7
Total expenditures	12,909,928	12,970,599	12,552,846	417,753
Excess of revenues over expenditures	233,807	200,504	1,322,531	1,122,027
<b>Other financing sources (uses):</b>				
Transfers in	16,490	16,490	18,133	1,643
Transfers out	(699,319)	(782,099)	(782,099)	-
Proceeds from the sale of capital assets	-	-	279,000	279,000
Total other financing sources (uses)	(682,829)	(765,609)	(484,966)	280,643
Net change in fund balance	(449,022)	(565,105)	837,565	1,402,670
Fund balance, beginning of year	9,892,607	9,892,607	9,892,607	-
Fund balance, end of year	\$ 9,443,585	\$ 9,327,502	\$ 10,730,172	\$ 1,402,670

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

# STEPHENS COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2017

	<b>Solid Waste Management Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 86,880
Accounts receivable	30
Total current assets	<u>86,910</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable assets	504,942
Depreciable assets	466,640
Less accumulated depreciation	<u>(423,644)</u>
Total capital assets net of accumulated depreciation	<u>547,938</u>
Total assets	<u>634,848</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	24,500
Due to other funds	<u>86,880</u>
Total current liabilities	<u>111,380</u>
Long-term liabilities:	
Accrued closure/post-closure care costs	<u>2,849,987</u>
Total long-term liabilities	<u>2,849,987</u>
Total liabilities	<u>2,961,367</u>
<b>NET POSITION</b>	
Investment in capital assets	547,938
Unrestricted (deficit)	<u>(2,874,457)</u>
Total net position	<u>\$ (2,326,519)</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, 2017**

	<b>Solid Waste Management Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Landfill fees	\$ 645
Total operating revenues	<u>645</u>
 <b>OPERATING EXPENSES</b>	
Salaries and benefits	74,098
Supplies and maintenance	46,567
Utilities	9,624
Office expense	4,230
Contractual services	218,203
Depreciation	3,057
Indirect costs	9,295
Total operating expenses	<u>365,074</u>
 Operating loss	<u>(364,429)</u>
 <b>NON-OPERATING REVENUE</b>	
Interest income	<u>2</u>
Total non-operating revenue	<u>2</u>
 Loss before transfers	(364,427)
 Transfer in	<u>320,227</u>
 Change in net position	(44,200)
 <b>NET POSITION (DEFICIT), beginning of year</b>	<u>(2,282,319)</u>
 <b>NET POSITION (DEFICIT), end of year</b>	<u>\$ (2,326,519)</u>

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, 2017**

	<u>Solid Waste Management Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 7,310
Payments to suppliers and service providers	(183,363)
Payments to employees	(74,098)
	(250,151)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	2
	2
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(12,491)
	(12,491)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from other funds	320,227
	320,227
Net increase in cash and cash equivalents	57,587
<b>Cash and cash equivalents:</b>	
Beginning of year	29,293
End of year	\$ 86,880
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (364,429)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,057
Decrease in accounts receivable	6,665
Increase in accounts payable	10,393
Increase in due to other funds	57,588
Increase in closure/post-closure payable	36,575
	36,575
Net cash used in operating activities	\$ (250,151)

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

**STEPHENS COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

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<b>ASSETS</b>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 812,272
Taxes receivable	28,325
Accounts receivable	<u>155</u>
Total assets	<u><u>\$ 840,752</u></u>
<b>LIABILITIES</b>	
Due to others	\$ 812,427
Uncollected taxes	<u>28,325</u>
Total liabilities	<u><u>\$ 840,752</u></u>

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

# STEPHENS COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

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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.

The Stephens County Hospital Authority (the "Hospital Authority") is governed by a seven-member board appointed by the County Commissioners. The Hospital Authority and the County have entered into an intergovernmental agreement whereby the County will levy an annual tax, if necessary to provide sufficient funds to the Hospital Authority to make its debt service payments should the Hospital Authority be unable to make the payments from its revenues. The Hospital Authority has a September 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 Hospital Authority, 163 Hospital Drive, 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.



## NOTES TO FINANCIAL STATEMENTS

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

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

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.

#### 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.

## 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 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 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.

## 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)

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	\$ (5,635,000)
Note payable	(2,495,019)
Capital leases payable	(1,126,796)
Accrued interest payable	(48,900)
Compensated absences	(209,868)
	(9,515,583)
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (9,515,583)



## 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	\$ 673,315
Depreciation expense	<u>(3,110,316)</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>\$ (2,437,001)</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:	
General obligation bonds	\$ (2,000,000)
Capital leases	(620,279)
Principal repayments:	
Note payable	611,933
Bonds payable	865,000
Capital leases	<u>168,717</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>\$ (974,629)</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, 2016, 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 \$2,326,519 as of June 30, 2017. 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, 2017, the deposits of the County 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, 2017, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Total
Receivables:					
Taxes	\$ 20,094	\$ -	\$ 10,176	\$ -	\$ 30,270
Other governments	214,932	292,769	30,703	-	538,404
Accounts	21,573	-	79,576	30	101,179
Net receivables	\$ 256,599	\$ 292,769	\$ 120,455	\$ 30	\$ 669,853

Property taxes were levied on July 14, 2016. Bills are payable on or before November 15, 2016, after which the applicable property is subject to lien. The County bills and collects its own property taxes. Property taxes levied for 2017 are recorded as receivables. The receivables collected during the year ended June 30, 2017, and collected by August 31, 2017, are recognized as revenues in the year ended June 30, 2017.

Net receivables estimated to be collected subsequent to August 31, 2017 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 14, 2017.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</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>1,131,406</u>
Capital assets, being depreciated:				
Infrastructure	59,614,141	-	-	59,614,141
Buildings	29,332,976	47,903	(485,875)	28,895,004
Machinery and equipment	8,632,788	205,108	-	8,837,896
Vehicles	4,567,849	420,304	-	4,988,153
Total capital assets, being depreciated	<u>102,147,754</u>	<u>673,315</u>	<u>(485,875)</u>	<u>102,335,194</u>
Less accumulated depreciation for:				
Infrastructure	29,077,920	1,490,353	-	30,568,273
Buildings	9,675,501	587,966	(173,024)	10,090,443
Machinery and equipment	4,857,113	396,868	-	5,253,981
Vehicles	3,172,320	635,129	-	3,807,449
Total accumulated depreciation	<u>46,782,854</u>	<u>3,110,316</u>	<u>(173,024)</u>	<u>49,720,146</u>
Total capital assets, being depreciated, net	<u>55,364,900</u>	<u>(2,437,001)</u>	<u>(312,851)</u>	<u>52,615,048</u>
Governmental activities capital assets, net	<u>\$ 56,496,306</u>	<u>\$ (2,437,001)</u>	<u>\$ (312,851)</u>	<u>\$ 53,746,454</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 504,942	\$ -	\$ -	\$ 504,942
Total capital assets not being depreciated	504,942	-	-	504,942
Capital assets, being depreciated:				
Buildings	56,903	-	-	56,903
Machinery and equipment	365,266	12,491	-	377,757
Vehicles	31,980	-	-	31,980
Total capital assets, being depreciated	454,149	12,491	-	466,640
Less accumulated depreciation for:				
Buildings	29,394	1,138	-	30,532
Machinery and equipment	359,213	1,919	-	361,132
Vehicles	31,980	-	-	31,980
Total accumulated depreciation	420,587	3,057	-	423,644
Total capital assets being depreciated, net	33,562	9,434	-	42,996
Business-type activities capital assets, net	\$ 538,504	\$ 9,434	\$ -	\$ 547,938

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

Governmental activities:	
General government	\$ 305,251
Judicial	10,698
Public safety	809,683
Public works	1,831,449
Health and welfare	22,669
Culture and recreation	130,566
	\$ 3,110,316
Total depreciation expense - governmental activities	
	\$ 3,110,316
Business-type activities:	
Solid waste management	\$ 3,057
	\$ 3,057

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2017:

	<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	\$ 2,000,000	\$ (865,000)	\$ 5,635,000	\$ 1,195,000
Capital leases	675,234	620,279	(168,717)	1,126,796	217,391
Notes payable	3,106,952	-	(611,933)	2,495,019	617,727
Compensated absences	182,110	138,879	(111,121)	209,868	128,058
Governmental activities long-term liabilities	<u>\$ 8,464,296</u>	<u>\$ 2,759,158</u>	<u>\$ (1,756,771)</u>	<u>\$ 9,466,683</u>	<u>\$ 2,158,176</u>
<b>Business-type activities:</b>					
Landfill closure/post-closure	\$ 2,813,412	\$ 36,575	\$ -	\$ 2,849,987	\$ -
Business-type activities long-term liabilities	<u>\$ 2,813,412</u>	<u>\$ 36,575</u>	<u>\$ -</u>	<u>\$ 2,849,987</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%.

In December 2016, the County issued \$2,000,000 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 1.49%.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,195,000	\$ 75,131	\$ 1,270,131
2019	1,435,000	54,088	1,489,088
2020	1,480,000	32,916	1,512,916
2021	1,525,000	11,082	1,536,082
Total	<u>\$ 5,635,000</u>	<u>\$ 173,217</u>	<u>\$ 5,808,217</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (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, 2017 is as follows:

	<b>Governmental Activities</b>
Equipment	\$ 1,455,519
Less accumulated depreciation	(160,735)
	<b>\$ 1,294,784</b>

The County recorded depreciation expense in the amount of \$109,730 for the year ended June 30, 2017.

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

<b>Year ending June 30.</b>	<b>Amount</b>
2018	\$ 239,146
2019	239,055
2020	533,640
2021	164,772
Total minimum lease payments	1,176,613
Less amount representing interest	49,817
Present value of future minimum lease payments	<b>\$ 1,126,796</b>

**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)

**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, 2017 for the notes payable are as follows:

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	340,120	11,869	351,989
2023	113,376	944	114,320
Total	<u>\$ 2,495,019</u>	<u>\$ 214,043</u>	<u>\$ 2,709,062</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 \$2,849,987 at June 30, 2017. These costs are based on what it would cost to perform all post-closure care in 2017. 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 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 234,330
General Fund	SPLOST Fund	1,498,546
General Fund	Solid Waste Management Fund	86,880
SPLOST Fund	Nonmajor Governmental Funds	158,146
Nonmajor Governmental Funds	SPLOST Fund	159,122
Nonmajor Governmental Funds	General Fund	390,945
		<u>\$ 2,527,969</u>

Advances to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	SPLOST Fund	\$ 457,444
General Fund	E911 Fund	180,819
		<u>\$ 638,263</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 to the SPLOST fund is expected to be repaid over the course of the next two 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 two 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	\$ 18,133
SPLOST Fund	Nonmajor Governmental Funds	158,145
Nonmajor Governmental Funds	General Fund	461,872
Solid Waste Management Fund	General Fund	320,227
		\$ 958,377

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 107 at June 30, 2017. For the fiscal year ending June 30, 2017, the County's contribution to the Plan was \$62,075. Employee voluntary contributions are not allowed under provisions of the plan.

	<u>Amount</u>	<u>Percent of covered payroll</u>
Contribution requirement by County	\$62,075	1.5%
Contributions made by County	\$62,075	1.5%
 Total covered payroll	 \$4,138,342	

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.

In October 2006, the Stephens County Hospital Authority (the Hospital Authority) issued \$4,000,000 in aggregate principal amount of Revenue Anticipation Certificates Series 2006 ("Series 2006" Certificates). The Series 2006 Certificates were issued to (1) partially finance certain additions, extensions and improvement to the Hospital, and (2) pay certain costs incurred in connection with the issuance of the Series 2006 Certificates.

In May 2017, the Hospital Authority issued \$15,000,000, Series 2017A and Series 2017B Stephens County Hospital Authority revenue anticipation certificates (\$9,500,000 of Series 2017A tax exempt and \$5,500,000 of Series 2017B taxable). The Series 2017A Certificates were issued to (1) pay-off the outstanding balance of the Series 2006 Certificates, (2) finance certain additions, extensions and improvements to the Hospital, and (3) pay certain costs incurred in connection with the issuance of the Series 2006 Certificates. The Series 2017B Certificates were issued to payoff various outstanding loans of the Hospital.

Under the terms of intergovernmental agreements entered into simultaneously with the issuance of the 2017 Certificates, the County has agreed to levy an ad valorem property tax on all taxable property located within the County as may be necessary to make the required principal and interest payments, should the Hospital Authority have insufficient funds to make such payments. No such payments by the County were made during the fiscal year ended June 30, 2017.

### 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, 2017, the County paid \$18,945 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.

**E-911 Fund** – This 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.

**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, 2017

ASSETS	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
Cash and cash equivalents	\$ 59,325	\$ 7,903	\$ 3,942	\$ 372,463	\$ 37,372
Accounts receivable	-	-	-	-	2,565
Taxes receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other governments	1,712	-	-	28,991	-
Due from other funds	-	-	-	-	400
<b>Total assets</b>	<b>\$ 61,037</b>	<b>\$ 7,903</b>	<b>\$ 3,942</b>	<b>\$ 401,454</b>	<b>\$ 40,337</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 4,070	\$ -	\$ 750	\$ 1,046	\$ 792
Accrued salaries	1,356	-	-	-	-
Due to other funds	18,370	-	-	53,047	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>23,796</b>	<b>-</b>	<b>750</b>	<b>54,093</b>	<b>792</b>
<b>FUND BALANCES</b>					
Nonspendable for:					
Prepaid items	-	-	-	-	-
Restricted for:					
Judicial programs	-	-	3,192	347,361	-
Public safety	37,241	-	-	-	39,545
Capital improvements	-	-	-	-	-
Assigned for:					
Jail commissary activity	-	-	-	-	-
Capital improvements	-	7,903	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>37,241</b>	<b>7,903</b>	<b>3,192</b>	<b>347,361</b>	<b>39,545</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,037</b>	<b>\$ 7,903</b>	<b>\$ 3,942</b>	<b>\$ 401,454</b>	<b>\$ 40,337</b>

<b>Jail Commissary Fund</b>	<b>E911</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>
\$ 4,227	\$ 153,153	\$ -	\$ 48,960	\$ -	\$ 63,264	\$ 750,609
-	68,005	-	-	-	9,006	79,576
-	-	10,176	-	-	-	10,176
-	26,405	-	-	-	-	26,405
-	-	-	-	-	-	30,703
-	159,122	-	-	390,545	-	550,067
<u>\$ 4,227</u>	<u>\$ 406,685</u>	<u>\$ 10,176</u>	<u>\$ 48,960</u>	<u>\$ 390,545</u>	<u>\$ 72,270</u>	<u>\$ 1,447,536</u>
\$ -	\$ 15,522	\$ 6,384	\$ 235	\$ -	\$ 7,764	\$ 36,563
-	-	-	-	-	-	1,356
-	159,122	3,792	-	158,145	-	392,476
-	180,819	-	-	-	-	180,819
-	355,463	10,176	235	158,145	7,764	611,214
-	26,405	-	-	-	-	26,405
-	-	-	48,725	-	-	399,278
-	24,817	-	-	-	-	101,603
-	-	-	-	600,416	-	600,416
4,227	-	-	-	-	-	4,227
-	-	-	-	-	64,506	72,409
-	-	-	-	(368,016)	-	(368,016)
<u>4,227</u>	<u>51,222</u>	<u>-</u>	<u>48,725</u>	<u>232,400</u>	<u>64,506</u>	<u>836,322</u>
<u>\$ 4,227</u>	<u>\$ 406,685</u>	<u>\$ 10,176</u>	<u>\$ 48,960</u>	<u>\$ 390,545</u>	<u>\$ 72,270</u>	<u>\$ 1,447,536</u>



**STEPHENS COUNTY, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Special Revenue Funds</b>				
	<b>Jail Fund</b>	<b>Water Lines Fund</b>	<b>Juvenile Supervision Fund</b>	<b>Drug Rehabilitation Fund</b>	<b>Drug Task Force Fund</b>
<b>Revenues:</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	43,203	-
Charges for services	49,826	-	-	-	-
Fines and forfeitures	8,397	-	2,155	44,393	24,398
Interest income	4	-	-	28	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>58,227</b>	<b>-</b>	<b>2,155</b>	<b>87,624</b>	<b>24,398</b>
<b>Expenditures:</b>					
Current:					
Judicial	-	-	-	-	-
Public safety	54,137	-	-	-	5,783
Public works	-	-	-	-	-
Health and welfare	-	-	750	57,358	-
Culture and recreation	-	-	-	-	-
Capital outlay	32,392	40,000	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>86,529</b>	<b>40,000</b>	<b>750</b>	<b>57,358</b>	<b>5,783</b>
Excess (deficiency) of revenues over (under) expenditures	(28,302)	(40,000)	1,405	30,266	18,615
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(28,302)	(40,000)	1,405	30,266	18,615
<b>Fund balances, beginning of year</b>	<b>65,543</b>	<b>47,903</b>	<b>1,787</b>	<b>317,095</b>	<b>20,930</b>
<b>Fund balances, end of year</b>	<b>\$ 37,241</b>	<b>\$ 7,903</b>	<b>\$ 3,192</b>	<b>\$ 347,361</b>	<b>\$ 39,545</b>

<u>Jail Commissary Fund</u>	<u>E911</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>
\$ -	\$ -	\$ 36,267	\$ -	\$ -	\$ -	\$ 36,267
-	-	-	-	602,146	-	645,349
141,846	437,896	-	-	-	-	629,568
-	-	-	18,669	-	-	98,012
-	1,272	-	4	-	27	1,335
-	531	-	-	-	10,181	10,712
<u>141,846</u>	<u>439,699</u>	<u>36,267</u>	<u>18,673</u>	<u>602,146</u>	<u>10,208</u>	<u>1,421,243</u>
-	-	-	10,592	-	-	10,592
141,541	647,733	-	-	12,671	-	861,865
-	-	-	-	614,118	-	614,118
-	-	-	-	-	-	58,108
-	-	18,134	-	-	-	18,134
-	15,135	-	-	9,814	96,425	193,766
-	122,316	-	-	-	-	122,316
-	7,875	-	-	-	-	7,875
<u>141,541</u>	<u>793,059</u>	<u>18,134</u>	<u>10,592</u>	<u>636,603</u>	<u>96,425</u>	<u>1,886,774</u>
<u>305</u>	<u>(353,360)</u>	<u>18,133</u>	<u>8,081</u>	<u>(34,457)</u>	<u>(86,217)</u>	<u>(465,531)</u>
-	353,360	-	-	-	108,512	461,872
-	-	(18,133)	-	(158,145)	-	(176,278)
-	353,360	(18,133)	-	(158,145)	108,512	285,594
305	-	-	8,081	(192,602)	22,295	(179,937)
3,922	51,222	-	40,644	425,002	42,211	1,016,259
<u>\$ 4,227</u>	<u>\$ 51,222</u>	<u>\$ -</u>	<u>\$ 48,725</u>	<u>\$ 232,400</u>	<u>\$ 64,506</u>	<u>\$ 836,322</u>

# STEPHENS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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	\$ 3,949,522	\$ 1,546,256	\$ 5,495,778
Fire department	400,000	400,000	388,706	27,473	416,179
Ambulance vehicles	904,215	904,215	287,945	126,999	414,944
Sheriff vehicles	1,500,000	1,500,000	223,355	145,156	368,511
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	1,875,117	968,717	2,843,834
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>\$ 8,498,261</u>	<u>\$ 2,814,601</u>	<u>\$ 11,312,862</u>
Debt service payments on equipment already included as an expenditure above				<u>1,287,956</u>	
				<u>\$ 4,102,557</u>	

## STEPHENS COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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>	
Sewer projects	\$ 1,000,000	\$ 1,000,000	\$ 129,192	\$ 870,808	\$ 1,000,000
Hayestone-Brady Park Project	7,000,000	7,000,000	5,744,584	-	5,744,584
County fire projects	3,500,000	3,500,000	2,621,348	53,581	2,674,929
Purchase of sheriff vehicles	420,000	420,000	338,848	-	338,848
Road improvements	2,260,000	2,260,000	1,959,567	1,441	1,961,008
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	352,026	11,241	363,267
Fueling station	200,000	200,000	202,602	-	202,602
	<u>\$ 16,380,000</u>	<u>\$ 16,380,000</u>	<u>\$ 12,435,554</u>	<u>\$ 937,071</u>	<u>\$ 13,372,625</u>
Debt service payments on equipment already included as an expenditure above				<u>20,171</u>	
				<u>\$ 957,242</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, 2017

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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	\$ 549,699	\$ 89,579	\$ 1,755	\$ 70,529
Taxes receivable	28,325	-	-	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ 578,024</u>	<u>\$ 89,579</u>	<u>\$ 1,755</u>	<u>\$ 70,529</u>
 <b><u>LIABILITIES</u></b>				
Due to others	\$ 549,699	\$ 89,579	\$ 1,755	\$ 70,529
Uncollected taxes	28,325	-	-	-
Total liabilities	<u>\$ 578,024</u>	<u>\$ 89,579</u>	<u>\$ 1,755</u>	<u>\$ 70,529</u>

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<u>Sheriff</u>	<u>Jail Inmate</u>	<u>Probation Office</u>	<u>Total</u>
\$ -	\$ 44,408	\$ 56,302	\$ 812,272
-	-	-	28,325
-	155	-	155
<u>\$ -</u>	<u>\$ 44,563</u>	<u>\$ 56,302</u>	<u>\$ 840,752</u>
\$ -	\$ 44,563	\$ 56,302	\$ 812,427
-	-	-	28,325
<u>\$ -</u>	<u>\$ 44,563</u>	<u>\$ 56,302</u>	<u>\$ 840,752</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, 2017, 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 22, 2017. Our report includes a reference to other auditors who audited the financial statements of the Stephens County Department of Public Health, the Stephens County Development Authority, and the Stephens County Hospital 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 2017-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

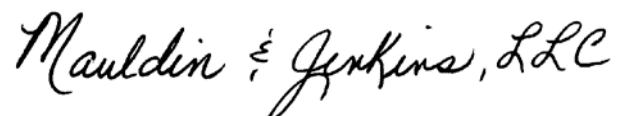
As part of obtaining reasonable assurance about whether Stephens County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 22, 2016

# STEPHENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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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, 2017 due to the total amount expended being less than \$750,000.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2017-001. 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:** During our review of the internal control procedures of the County, we noted that there are instances of overlapping duties with regard to the day-to-day activities of the employees in 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.

Appropriate segregation of duties does not exist 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. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

**Context:** 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. Examples of segregation of duties issues are as follows:

- Cash receipts are handled by the same individual(s) who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.

# STEPHENS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2017-001. Segregation of Duties (Repeat finding)

- Individuals responsible for the preparation of checks for disbursements are also approving the disbursements, signing the checks and reconciling the bank statements
- The individual responsible for the preparation of payroll is also responsible for other payroll duties, including timekeeping and distribution.
- The individual responsible for maintaining the detailed fixed asset records is also responsible for handling the General Ledger function.

**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.

**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:** Although we understand the limited number of employees involved and the resulting overlapping of duties, we recommend that there be adequate segregation of duties to ensure proper recording and recognition of accounting transactions, and to lessen the potential for misappropriation of County assets. 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, 2017**

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**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**2016-1. 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, 2016, 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 2017-001.

# 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.