STEPHENS COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

STEPHENS COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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** (the "County"), as of and for the year ended June 30, 2020, 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 $1,057,998, $5,427,936, and $35,685,280, respectively, as of June 30, 2020, and total revenues of $799,671, $1,171,527 and $43,585,493, respectively, for the year ended June 30, 2020. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stephens County Department of Public Health, the Stephens County Development Authority and the Stephens County Hospital Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Grant Fund, and the E911 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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 January 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephens County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 29, 2021

STEPHENS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020.

Financial Highlights

- The assets of the County exceeded its liabilities at June 30, 2020, by approximately $57.72 million (net position). Of this amount, $9.36 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- At fiscal year-end June 30, 2020, the County's General Fund reported a total fund balance of $11,125,091.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the 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 the 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.

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. The 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.

The 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** (2019 SPLOST, 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, SPLOST and Grant 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. The 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 and the Grant 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.

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 $57,723,545 at the close of the most recent fiscal year.

A large portion of the County's net position, 60.87%, 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
	2019	**2020**	2019	**2020**	2019	**2020**	**2019 -2020**
Current and other assets	$ 18.01	**$ 26.02**	$ -	**$ -**	$ 18.01	**$ 26.02**	**44.48 %**
Capital assets	49.79	**48.14**	0.54	**0.55**	50.33	**48.69**	**(3.26)**
Total assets	67.80	**74.16**	0.54	**0.55**	68.34	**74.71**	**9.32**
Long-term liabilities outstanding	2.58	**11.46**	0.02	**0.03**	2.60	**11.49**	**341.92**
Other liabilities	4.56	**3.38**	2.08	**2.11**	6.64	**5.49**	**(17.32)**
Total liabilities	7.14	**14.84**	2.10	**2.14**	9.24	**16.98**	**83.77**
Net position:							
Net investment in capital assets	44.85	**34.59**	0.54	**0.55**	45.39	**35.14**	**(22.58)**
Restricted for Capital Projects/E911	4.35	**13.22**	-	**-**	4.35	**13.22**	**203.91**
Unrestricted	11.46	**11.51**	(2.10)	**(2.14)**	9.36	**9.37**	**0.11**
Total net position	$ 60.66	**$ 59.32**	$ (1.56)	**$ (1.59)**	$ 59.10	**$ 57.73**	**(2.32)**

Unrestricted net position of $9.36 million may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the 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
Revenues	2019	**2020**	2019	**2020**	2019	**2020**	**2019-2020**
Program revenues:							
Charges for services	$ 2.55	**$ 2.49**	$ -	**$ -**	$ 2.55	**$ 2.49**	**(2.35) %**
Operating grants and contributions	0.28	**0.30**	-	**-**	0.28	**0.30**	**7.14**
Capital grants and contributions	2.37	**0.59**	-	**-**	2.37	**0.59**	**(75.11)**
General revenues:							
Property taxes	9.68	**10.21**	-	**-**	9.68	**10.21**	**5.48**
Other taxes	6.99	**8.25**	-	**-**	6.99	**8.25**	**18.03**
Investment income	-	**0.13**	-	**-**	-	**0.13**	**-**
Gain on change in accrued closure/post-closure care costs	-	**-**	1.00	**-**	1.00	**-**	**-**
Total revenues	21.87	**21.97**	1.00	**-**	22.87	**21.97**	**(3.96)**
Expenses							
General government	5.08	**5.68**	-	**-**	5.08	**5.68**	**11.81**
Judicial	1.67	**1.70**	-	**-**	1.67	**1.70**	**1.80**
Public safety	7.06	**7.63**	-	**-**	7.06	**7.63**	**8.07**
Public works	6.44	**4.87**	-	**-**	6.44	**4.87**	**(24.38)**
Health and welfare	1.70	**1.62**	-	**-**	1.70	**1.62**	**(4.71)**
Recreation	0.83	**0.86**	-	**-**	0.83	**0.86**	**3.61**
Housing and development	0.40	**0.42**	-	**-**	0.40	**0.42**	**5**
Interest on long-term debt	0.13	**0.11**	-	**-**	0.13	**0.11**	**(15.38)**
Solid waste	-	**-**	0.35	**0.45**	0.35	**0.45**	**29**
Total expenses	23.31	**22.89**	0.35	**0.45**	23.66	**23.34**	**(1.37)**
Transfers	(0.36)	**(0.42)**	0.36	**0.42**	-	**-**	
Change in net position	(1.80)	**(1.34)**	1.01	**(0.03)**	(0.79)	**(1.37)**	**(73.42)**
Net position, beginning of year	62.46	**60.66**	(2.57)	**(1.56)**	59.89	**59.10**	**(1.32)**
Net position, end of year	$ 60.66	**$ 59.32**	$ (1.56)	**$ (1.59)**	$ 59.10	**$ 57.73**	**(2.32)**

The changes in net position between fiscal years 2019 and 2020 were affected by the following:

- Net change in total revenues is a decrease of 3.96%.
- Capital grants and contributions decreased 75.11% due to road work projects of West Currahee Slope Repair ($975,000) and City of Toccoa ($860,618).
- Other taxes increased 18.03% mostly from sales taxes.
- Net change in total expenses is a decrease of 1.45%.
- General government is an increase mainly due to the new annex and record retention building.
- Public Works is a decrease of 24.38%, respectively, to the road projects mentioned in the decrease of revenue.
- Interest on long-term debt decreased 15.38% due to 3 pieces of road equipment paid off in May 2020, and Emergency Communications equipment paid off in November 2019, Jail decreases each year reaching its maturing in 2022, and SPLOST VI final payment reaching its maturity 2021.

Business-type activities

- The Stephens County Solid Waste Management Fund has continued to produce at an operating loss. During the current year a loss of $457,215 before interest and transfers from the General Fund were reported.
- A transfer of funds was made from the General Fund back to the Solid Waste Fund in the amount of $416,548 due to the closure costs and operational needs of the landfill with no major source of revenue.

Financial Analysis of the Government's Funds

Governmental funds. The focus of the 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 the County. At the end of the current fiscal year, non-spendable fund balance was $254,102 for prepaid items and $985,871 for advances to other funds, assigned fund balance of the General Fund was $2,122,433 for landfill post-closure care costs, $996,881 for capital improvements, and unassigned was $6,765,804, while the total fund balance was $11,125,091.

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 8.17% of total general fund expenditures, assigned fund balance represents 20.54%, unassigned fund balance represents 44.56%, while total fund balance represents 73.27% of that same amount.

SPLOST 2019, SPLOST 2009 and 2014 Funds

SPLOST (Special purpose local option sales tax) Referendum passed on November 5, 2019, November 6, 2007 and November 5, 2013, respectively. Proceeds of $23,314,936.60 (2019), $25,640,000 (2009) and $21,274,423 (2014) will fund multiple capital projects started in 2008, 2015, and 2020 respectively. At the end of the current fiscal year, combined SPLOST expenditures were $6.09 million and revenues were $3.87 million, leaving a fund balance of $12.37 million. Sales tax revenues were for SPLOST 2014. Bonds in the amount of $11 million were issued and received before year end for SPLOST 2019.

Proprietary funds. The 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, total net position for the Solid Waste Management fund was $(1,607,134) 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. The County's investment in capital assets for its governmental activities as of June 30, 2020, amounts to $48,141,633 (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
	2019	**2020**	**2019-2020**
Land	$ 1,360,061	**$ 1,269,951**	**(6.63)** %
Buildings and improvements	18,063,137	**18,437,680**	**2.07**
Machinery and equipment	4,303,371	**3,859,195**	**(10.32)**
Infrastructure	26,065,161	**24,574,807**	**(5.72)**
Total	$ 49,791,730	**$ 48,141,633**	**(3.31)**

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

Long-term Debt. The County's long-term debt for the year ended June 30, 2020, is summarized below.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General obligation bonds	$ 3,005,000	$ 11,000,000	$ (1,480,000)	$ 12,525,000
Capital leases	687,344	-	(458,350)	228,994
Note payable	1,253,648	-	(459,916)	793,732
Compensated absences	261,169	148,557	(153,413)	256,313
Total	$ 5,207,161	$ 11,148,557	$ (2,551,679)	$ 13,804,039
Business-type Activities:				
Landfill post-closure	$ 2,084,905	$ 37,528	$ -	$ 2,122,433
	$ 2,084,905	$ 37,528	$ -	$ 2,122,433

General obligation bonds were issued to forward fund SPLOST VII and SPLOST VI road projects. Capital leases represent leases for seven 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 County landfill are estimated to be approximately $2,122,433 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 has been received.

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 remain unchanged at 14.91 with an increase of 2.99% in the value of a mill.
- Title Ad Valorem Tax making a significant difference with the inability to forecast.
- Sales tax showing a 10% increase over fiscal year 2019 which includes a one-time multi-year audit adjustment of $224,251.
- Top three General Fund revenue sources make up 86.28% of the total general fund operating revenues at $16.06 million.
- A one-time revenue of $890,277 will be received from the Coronavirus Relief Fund (CRF).
- Loss of rent from DFACS relocating is $43,734.
- No use of prior year fund balance due to the receipt of one-time sales tax revenue and CRF.
- HWTF reimbursed for Solid Waste expenditures of $44,425.
- SPLOST VI collections ended as of June 2020.
- SPLOST VII collections begin July 2020 with a one-time multi-year audit adjustment of $353,096.
- Pay increases of 2% for full-time and part-time employees.
- Probate Court will move 1 part-time worker to full-time status in January 2021.
- Health insurance costs were paid by the employee.
- The FY2021 budget was adopted by a continuing resolution and finalized mid-year due to COVID-19.

These items were taken into account when adopting the General Fund budget for 2021.

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 2021 results will be for closure maintenance and convenient site operations as C&D closure is complete at the County landfill and we have received certification.

Requests for Information

This financial report is designed to provide a general overview of the 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 19,585,257	$ 48,507	$ 19,633,764
Restricted cash and investments	-	-	-
Investments	4,200,727	-	4,200,727
Taxes receivable	9,351	-	9,351
Accounts receivable, net of allowances	471,421	-	471,421
Interest receivable	-	-	-
Inventories	-	-	-
Due from other governments	1,443,636	-	1,443,636
Internal balances	48,507	(48,507)	-
Prepaid items	262,271	-	262,271
Land held for resale	-	-	-
Capital assets, non-depreciable	1,269,951	504,942	1,774,893
Capital assets, depreciable, net of accumulated depreciation	46,871,682	40,660	46,912,342
Total assets	74,162,803	545,602	74,708,405
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	-	-	-
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable	385,983	30,303	416,286
Accrued liabilities	313,305	-	313,305
Due to other governments	328,797	-	328,797
Note payable due within one year	340,120	-	340,120
Note payable due in more than one year	453,612	-	453,612
Financed purchases due within one year	228,994	-	228,994
Financed purchases due in more than one year	-	-	-
General obligation bonds due within one year	1,525,000	-	1,525,000
General obligation bonds due in more than one year	11,000,000	-	11,000,000
Compensated absences due within one year	256,313	-	256,313
Compensated absences due in more than one year	-	-	-
Net pension liability	-	-	-
Net OPEB liability	-	-	-
Accrued closure/postclosure care costs due in more than one year	-	2,122,433	2,122,433
Total liabilities	14,832,124	2,152,736	16,984,860
DEFERRED INFLOWS OF RESOURCES			
Pension related	-	-	-
Total deferred inflows of resources	-	-	-

Component Units			
Health Department	Library	Development Authority	Hospital Authority
$ 851,535	$ 240,972	$ 973,625	$ 2,020,187
-	-	4,300	4,975,741
-	136,722	-	-
-	-	-	-
27,231	-	-	8,168,625
-	688	-	-
-	-	-	1,498,287
-	-	-	-
-	-	-	-
-	179,049	5,924	399,279
-	-	4,122,976	-
-	39,025	59,178	555,104
-	221,311	261,933	18,068,057
878,766	817,767	5,427,936	35,685,280
179,232	40,194	-	-
179,232	40,194	-	-
5,125	-	3,700	4,260,949
-	3,367	-	3,496,774
-	-	-	-
-	-	-	991,738
-	-	-	14,270,311
-	-	-	200,572
-	-	-	74,698
-	-	-	-
-	-	-	-
31,000	-	-	-
10,384	-	-	-
455,899	136,191	-	-
88,162	-	-	-
-	-	-	-
590,570	139,558	3,700	23,295,042
195,414	10,740	-	-
195,414	10,740	-	-

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	$ 34,593,907	$ 545,602	$ 35,139,509
Restricted for:			
Capital improvements	12,366,688	-	12,366,688
Judicial programs	464,640	-	464,640
Public safety	392,377	-	392,377
Other purposes	-	-	-
Unrestricted (deficit)	11,513,067	(2,152,736)	9,360,331
Total net position	$ 59,330,679	$ (1,607,134)	$ 57,723,545

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

Component Units			
Health Department	Library	Development Authority	Hospital Authority
$ -	$ 260,336	$ -	$ 3,085,842
-	-	171,792	-
-	-	-	-
-	-	-	-
-	8,817	498,179	2,873,587
272,014	438,510	4,754,265	6,430,809
$ 272,014	$ 707,663	$ 5,424,236	$ 12,390,238

STEPHENS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,674,499	$ 1,025,122	$ 119,817	$ -
Judicial	1,697,157	401,473	140,759	-
Public safety	7,630,188	980,097	36,250	35,695
Public works	4,865,787	-	-	554,583
Health and welfare	1,613,754	14,117	-	-
Recreation	861,286	64,959	-	-
Housing and development	423,346	-	-	-
Interest on long-term debt	111,983	-	-	-
Total governmental activities	22,878,000	2,485,768	296,826	590,278
Business-type activities:				
Solid waste management	461,689	4,474	-	-
Total business-type activities	461,689	4,474	-	-
Total primary government	$ 23,339,689	$ 2,490,242	$ 296,826	$ 590,278
Component units:				
Health Department	$ 726,199	$ 247,278	$ 552,393	$ -
Library	311,467	13,551	4,617	11,811
Development Authority	310,687	6,600	1,164,280	-
Hospital Authority	46,490,110	43,499,003	-	-
Total component unit	$ 47,838,463	$ 43,766,432	$ 1,721,290	$ 11,811
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
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							
				Component Units			
Governmental Activities	Business-type Activities	Total	Health Department	Library	Development Authority	Hospital Authority
$ (4,529,560)	$ -	$ (4,529,560)	$ -	$ -	$ -	$ -
(1,154,925)	-	(1,154,925)	-	-	-	-
(6,578,146)	-	(6,578,146)	-	-	-	-
(4,311,204)	-	(4,311,204)	-	-	-	-
(1,599,637)	-	(1,599,637)	-	-	-	-
(796,327)	-	(796,327)	-	-	-	-
(423,346)	-	(423,346)	-	-	-	-
(111,983)	-	(111,983)	-	-	-	-
(19,505,128)	-	(19,505,128)	-	-	-	-
-	(457,215)	(457,215)	-	-	-	-
-	(457,215)	(457,215)	-	-	-	-
$ (19,505,128)	$ (457,215)	$ (19,962,343)	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 73,472	$ -	$ -	$ -
-	-	-	-	(281,488)	-	-
-	-	-	-	-	860,193	-
-	-	-	-	-	-	(2,991,107)
$ -	$ -	$ -	$ 73,472	$ (281,488)	$ 860,193	$ (2,991,107)
$ 10,212,447	$ -	$ 10,212,447	$ -	$ -	$ -	$ -
6,917,693	-	6,917,693	-	-	-	-
1,332,577	-	1,332,577	-	-	-	-
-	-	-	-	275,000		-
128,972	4	128,976	-	3,090	647	86,490
(416,548)	416,548	-	-	-	-	-
18,175,141	416,552	18,591,693	-	278,090	647	86,490
(1,329,987)	(40,663)	(1,370,650)	73,472	(3,398)	860,840	(2,904,617)
60,660,666	(1,566,471)	59,094,195	198,542	711,061	4,563,396	15,294,855
$ 59,330,679	$ (1,607,134)	$ 57,723,545	$ 272,014	$ 707,663	$ 5,424,236	$ 12,390,238

STEPHENS COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Grant Fund	E911 Fund	SPLOST	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 4,561,824	$ -	$ 516,643	$ 13,887,132	$ 619,658	$ 19,585,257
Investments	4,200,727	-	-	-	-	4,200,727
Taxes receivable	8,811	-	-	-	540	9,351
Accounts receivable	284,867	-	74,572	111,982	-	471,421
Due from other governments	631,301	53,726	-	707,774	50,835	1,443,636
Due from other funds	1,329,550	375,534	-	6,531	44,868	1,756,483
Prepaid items	254,102	-	-	8,169	-	262,271
Advances to other funds	985,871	-	-	-	-	985,871
Total assets	$ 12,257,053	$ 429,260	$ 591,215	$ 14,721,588	$ 715,901	$ 28,715,017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 239,174	$ 133,922	$ 5,034	$ -	$ 7,853	$ 385,983
Accrued liabilities	266,370	-	-	-	3,743	270,113
Due to other funds	386,402	-	6,531	1,215,563	99,480	1,707,976
Due to other governments	-	-	-	328,797	-	328,797
Advances from other funds	-	-	528,427	457,444	-	985,871
Total liabilities	891,946	133,922	539,992	2,001,804	111,076	3,678,740
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grant	10,053	-	-	-	-	10,053
Unavailable revenue - sales taxes	224,251	-	-	353,096	-	577,347
Unavailable revenue - property taxes	5,712	-	-	-	-	5,712
Total deferred inflows of resources	240,016	-	-	353,096	-	593,112
FUND BALANCES						
Nonspendable:						
Prepaid items	254,102	-	-	8,169	-	262,271
Advances to other funds	985,871	-	-	-	-	985,871
Restricted for:						
Judicial programs	-	-	-	-	464,640	464,640
Public safety	-	289,028	51,223	-	52,126	392,377
Capital improvements	-	6,310	-	12,358,519	-	12,364,829
Committed for capital projects	-	-	-	-	-	-
Assigned for:						
Landfill post-closure care costs	2,122,433	-	-	-	-	2,122,433
Jail commissary activities	-	-	-	-	959	959
Capital improvements	996,881	-	-	-	87,100	1,083,981
Subsequent year's budget	-	-	-	-	-	-
Unassigned	6,765,804	-	-	-	-	6,765,804
Total fund balances	11,125,091	295,338	51,223	12,366,688	604,825	24,443,165
Total liabilities, deferred inflows of resources, and fund balances	$ 12,257,053	$ 429,260	$ 591,215	$ 14,721,588	$ 715,901	
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.						48,141,633
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						593,112
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(13,847,231)
Net position of governmental activities						$ 59,330,679

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, 2020

	General	Grant Fund	E911 Fund	SPLOST	Nonmajor Governmental Funds	Total
Revenues:						
Property taxes	$ 10,216,044	$ -	$ -	$ -	$ -	$ 10,216,044
Sales taxes	2,471,733	-	-	3,868,613	-	6,340,346
Other taxes	1,310,849	-	-	-	21,728	1,332,577
Licenses and permits	93,178	-	-	-	-	93,178
Intergovernmental	455,276	579,338	-	-	41,550	1,076,164
Rents and royalties	49,435	-	-	-	-	49,435
Charges for services	690,101	-	490,746	-	174,216	1,355,063
Fines and forfeitures	401,473	-	-	-	52,254	453,727
Interest	128,600	-	240	887	132	129,859
Other revenues	294,664	26,400	10,771	-	2,530	334,365
Total revenues	16,111,353	605,738	501,757	3,869,500	292,410	21,380,758
Expenditures:						
Current:						
General government	3,561,062	378	-	-	25	3,561,465
Judicial	1,666,319	-	-	-	13,882	1,680,201
Public safety	5,535,556	799	859,989	-	258,632	6,654,976
Public works	1,164,526	778,419	-	-	-	1,942,945
Health and welfare	1,576,507	-	-	-	-	1,576,507
Culture and recreation	741,470	-	-	-	10,864	752,334
Housing and development	423,346	-	-	-	-	423,346
Intergovernmental	-	-	-	1,272,692	-	1,272,692
Capital outlay	-	337,966	25,441	2,809,192	192,755	3,365,354
Debt service:						
Principal	465,816	-	126,327	1,806,123	-	2,398,266
Interest	49,761	-	632	42,429	-	92,822
Issuance costs	-	-	-	160,000	-	160,000
Total expenditures	15,184,363	1,117,562	1,012,389	6,090,436	476,158	23,880,908
Excess (deficiency) of revenues over (under) expenditures	926,990	(511,824)	(510,632)	(2,220,936)	(183,748)	(2,500,150)
Other financing sources (uses):						
Transfers in	10,864	-	510,632	-	125,000	646,496
Transfers out	(1,052,180)	-	-	-	(10,864)	(1,063,044)
Issuance of general obligation bonds	-	-	-	11,000,000	-	11,000,000
Proceeds from the sale of capital assets	157,062	-	-	111,982	-	269,044
Total other financing sources (uses)	(884,254)	-	510,632	11,111,982	114,136	10,852,496
Net change in fund balances	42,736	(511,824)	-	8,891,046	(69,612)	8,352,346
Fund balance, beginning of year	11,082,355	807,162	51,223	3,475,642	674,437	16,090,819
Fund balance, end of year	$ 11,125,091	$ 295,338	$ 51,223	$ 12,366,688	$ 604,825	$ 24,443,165

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, 2020

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

Net change in fund balances - total governmental funds	$	8,352,346
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 capital outlay exceeded depreciation in the current period.		(1,374,287)
The net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to decrease net position.		(275,810)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		583,803
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.		(8,601,734)
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.		
Change in accrued interest		(19,161)
Change in compensated absences		4,856
	$	(1,329,987)

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, 2020

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 9,875,256	$ 10,216,044	$ 10,216,044	$ -
Sales taxes	2,205,709	2,471,733	2,471,733	-
Other taxes	1,260,452	1,310,849	1,310,849	-
Licenses and permits	76,544	93,178	93,178	-
Intergovernmental	430,699	455,276	455,276	-
Rents and royalties	49,428	49,435	49,435	-
Charges for services	719,791	690,101	690,101	-
Fines and forfeitures	402,306	401,473	401,473	-
Investment income	1,039	128,600	128,600	-
Other revenues	244,746	294,664	294,664	-
Total revenues	15,265,970	16,111,353	16,111,353	-
Expenditures:				
Current:				
General government:				
General administration	2,448,887	2,556,723	2,554,150	2,573
Registrar/elections	90,937	174,922	174,922	-
Tax commissioner	359,383	381,258	381,258	-
Tax assessor	468,824	450,732	450,732	-
Total general government	3,368,031	3,563,635	3,561,062	2,573
Judicial:				
Clerk of courts	609,926	594,819	594,819	-
Superior court	123,513	118,202	118,202	-
District attorney	169,139	158,834	158,834	-
Indigent defense	254,434	250,164	250,164	-
State court	152,450	156,118	155,863	255
Magistrate court	73,177	72,168	72,168	-
Probate court	217,783	215,091	215,091	-
Juvenile court	108,324	101,178	101,178	-
Total judicial	1,708,746	1,666,574	1,666,319	255
Public safety:				
Sheriff's office	2,813,465	2,797,261	2,797,261	-
Jail operations	2,049,099	1,867,191	1,867,191	-
Coroner	55,512	52,633	52,633	-
Emergency management	73,247	77,121	77,121	-
Probation office	1,464	1,489	1,489	-
Animal control	175,000	175,000	175,000	-
Rural fire protection	585,017	564,861	564,861	-
Total public safety	5,752,804	5,535,556	5,535,556	-
Public works:				
Public works department	1,233,193	1,164,526	1,164,526	-
Total public works	1,233,193	1,164,526	1,164,526	-

(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, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures (Continued):				
Current (Continued):				
Health and welfare:				
Public welfare	$ 55,902	$ 35,259	$ 35,259	$ -
Health and human services	1,297,012	1,297,358	1,297,358	-
Senior citizens center	262,025	243,890	243,890	-
Total health and welfare	1,614,939	1,576,507	1,576,507	-
Culture and recreation:				
Parks and recreation	448,387	466,470	466,470	-
Library	275,000	275,000	275,000	-
Total culture and recreation	723,387	741,470	741,470	-
Housing and development:				
County agent's office	79,830	73,514	73,514	-
Planning and zoning	5,800	3,241	3,241	-
Economic development	248,500	252,750	252,750	-
Building inspection	27,153	35,810	35,810	-
Airport	24,656	15,625	15,625	-
Payments to other agencies	290,131	49,890	42,406	7,484
Total housing and development	676,070	430,830	423,346	7,484
Debt service:				
Principal	343,076	465,816	465,816	-
Interest	50,065	49,761	49,761	-
Total debt service	393,141	515,577	515,577	-
Total expenditures	15,470,311	15,194,675	15,184,363	10,312
Excess (deficiency) of revenues over expenditures	(204,341)	916,678	926,990	10,312
Other financing sources (uses):				
Appropriation of fund balance	1,196,382	(32,424)	-	32,424
Transfers in	17,582	10,864	10,864	-
Transfers out	(1,009,623)	(1,052,180)	(1,052,180)	-
Proceeds from the sale of capital assets	-	157,062	157,062	-
Total other financing sources (uses)	204,341	(916,678)	(884,254)	32,424
Net change in fund balance	-	-	42,736	42,736
Fund balance, beginning of year	11,082,355	11,082,355	11,082,355	-
Appropriation of fund balance	(1,196,382)	32,424	-	(32,424)
Fund balance, end of year	$ 9,885,973	$ 11,114,779	$ 11,125,091	$ 10,312

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

STEPHENS COUNTY, GEORGIA

GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Intergovernmental	$ 464,745	$ 563,916	$ 579,338	$ 15,422
Other revenues	-	-	26,400	26,400
Total revenues	464,745	563,916	605,738	41,822
Expenditures:				
Current:				
General government	-	378	378	-
Public safety	-	799	799	-
Public works	462,585	778,419	778,419	-
Health and welfare	15,000	818	-	818
Capital outlay	23,427	339,632	337,966	1,666
Total expenditures	501,012	1,120,046	1,117,562	2,484
Deficiency of revenues over expenditures	(36,267)	(556,130)	(511,824)	44,306
Other financing sources:				
Appropriation of fund balance	36,267	556,130	-	(556,130)
Total other financing sources	36,267	556,130	-	(556,130)
Net change in fund balance	-	-	(511,824)	(511,824)
Fund balance, beginning of year	807,162	807,162	807,162	-
Appropriation of fund balance	(36,267)	(556,130)	-	556,130
Fund balance, end of year	$ 770,895	$ 251,032	$ 295,338	$ 44,306

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

STEPHENS COUNTY, GEORGIA

E911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Charges for services	$ 445,210	$ 495,367	$ 490,746	$ (4,621)
Interest income	141	141	240	99
Other revenues	-	10,771	10,771	-
Total revenues	445,351	506,279	501,757	(4,522)
Expenditures:				
Current:				
Personal services	741,978	729,578	726,237	3,341
Supplies	5,300	5,348	4,248	1,100
Contractual services	123,254	129,585	129,504	81
Capital outlay	-	25,441	25,441	-
Debt service				
Principal	53,960	126,327	126,327	-
Interest	286	632	632	-
Total expenditures	924,778	1,016,911	1,012,389	4,522
Deficiency of revenues over expenditures	(479,427)	(510,632)	(510,632)	-
Other financing sources:				
Transfers in	479,427	510,632	510,632	-
Total other financing sources	479,427	510,632	510,632	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	51,223	51,223	51,223	-
Fund balance, end of year	$ 51,223	$ 51,223	$ 51,223	$ -

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Solid Waste Management Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 48,507
Total current assets	48,507
Noncurrent assets:	
Capital assets:	
Nondepreciable assets	504,942
Depreciable assets	478,127
Less accumulated depreciation	(437,467)
Total capital assets net of accumulated depreciation	545,602
Total assets	594,109
LIABILITIES	
Current liabilities:	
Accounts payable	30,303
Due to other funds	48,507
Total current liabilities	78,810
Long-term liabilities:	
Accrued closure/post-closure care costs	2,122,433
Total long-term liabilities	2,122,433
Total liabilities	2,201,243
NET POSITION	
Investment in capital assets	545,602
Unrestricted (deficit)	(2,152,736)
Total net position	$ (1,607,134)

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, 2020

	Solid Waste Management Fund
OPERATING REVENUES	
Charges for services:	
Landfill fees	$ 553
Miscellaneous	3,921
Total operating revenues	4,474
OPERATING EXPENSES	
Administrative	75,842
Supplies and maintenance	15,695
Utilities	9,805
Contractual services	344,693
Depreciation	5,501
Indirect costs	10,153
Total operating expenses	461,689
Operating loss	(457,215)
NON-OPERATING REVENUE	
Interest income	4
Total non-operating revenue	4
Loss before transfers	(457,211)
Transfer in	416,548
Change in net position	(40,663)
NET POSITION (DEFICIT), beginning of year	(1,566,471)
NET POSITION (DEFICIT), end of year	$ (1,607,134)

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, 2020

	Solid Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 598
Other receipts	3,921
Payments to suppliers and service providers	(293,205)
Payments to employees	(75,842)
Net cash used in operating activities	(364,528)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	4
Net cash provided by investing activities	4
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(11,487)
Net cash used in capital financing activities	(11,487)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	416,548
Net cash provided by noncapital activities	416,548
Net increase in cash and cash equivalents	40,537
Cash and cash equivalents:	
Beginning of year	7,970
End of year	$ 48,507
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (457,215)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,501
Decrease in accounts receivable	45
Increase in accounts payable	9,121
Increase in due to other funds	40,492
Increase in closure/post-closure payable	37,528
Net cash used in operating activities	$ (364,528)

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 773,888
Taxes receivable	10,228
Accounts receivable	567
Total assets	$ 784,683
LIABILITIES	
Due to others	$ 774,455
Uncollected taxes	10,228
Total liabilities	$ 784,683

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

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

The 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 30th 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 30th year-end and is presented as a governmental fund type component unit.

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 30th 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 30th 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.

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.

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

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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” If and when applicable, long-term interfund loans are classified as “advances.” 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 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 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.

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

Asset Category	Years
Buildings	50
Vehicles	5 – 10
Machinery and equipment	3 – 50
Infrastructure	40

I. Land Held for Resale – Component Unit

The Development Authority owns real estate, valued at cost of $4,122,976, which is available for sale to new industries.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

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.

L. Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element 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 report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position or 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 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, sales taxes, and intergovernmental revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts becomes available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

N. 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	$ (12,525,000)
Note payable	(793,732)
Financed purchases	(228,994)
Accrued interest payable	(43,192)
Compensated absences	(256,313)
Net adjustment to decrease *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (13,847,231)

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	$ 2,068,650
Depreciation expense	(3,442,937)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ (1,374,287)

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

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

Another element of 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	$ (11,000,000)
Principal repayments:	
Note payable	459,916
Bonds payable	1,480,000
Financed purchases	458,350
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ (8,601,734)

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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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 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 25, 2019, 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 $1,607,134 as of June 30, 2020. It is anticipated that the deficit will be reduced by future transfers from the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statues authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2020, the County had the following investments:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**Rating**
U.S. Government Securities	$ 4,200,727	$ 1,661,808	$ 2,538,919	N/A

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 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Level 1	Level 2	Level 3	Fair Value
U.S. Government Securities	$ 3,787,624	$ 413,103	$ -	$ 4,200,727

The Government Securities classified in the Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The Government Securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2020, the deposits of the County were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at June 30, 2020, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General Fund	Grant Fund	E911 Fund	SPLOST Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	$ 8,811	$ -	$ -	$ -	$ 540	$ 9,351
Other governments	631,301	53,726	-	707,774	50,835	1,443,636
Accounts	284,867	-	74,572	111,982	-	471,421
Net receivables	$ 924,979	$ 53,726	$ 74,572	$ 819,756	$ 51,375	$ 1,924,408

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes were levied on September 6, 2019. Bills are payable on or before November 15, 2019, after which the applicable property is subject to lien. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables. The receivables collected during the year ended June 30, 2020, and collected by August 31, 2020, are recognized as revenues in the year ended June 30, 2020.

Net receivables estimated to be collected subsequent to August 31, 2020 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 January 2, 2020.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,360,061	$ 836,008	$ (926,118)	$ 1,269,951
Total capital assets, not being depreciated	1,360,061	836,008	(926,118)	1,269,951
Capital assets, being depreciated:				
Infrastructure	59,614,141	-	-	59,614,141
Buildings	29,343,842	13,367	922,173	30,279,382
Machinery and equipment	9,930,790	210,793	(455,739)	9,685,844
Vehicles	5,605,717	1,008,482	-	6,614,199
Total capital assets, being depreciated	104,494,490	1,232,642	466,434	106,193,566
Less accumulated depreciation for:				
Infrastructure	33,548,980	1,490,354	-	35,039,334
Buildings	11,280,705	560,997	-	11,841,702
Machinery and equipment	6,266,182	981,132	(183,874)	7,063,440
Vehicles	4,966,954	410,454	-	5,377,408
Total accumulated depreciation	56,062,821	3,442,937	(183,874)	59,321,884
Total capital assets, being depreciated, net	48,431,669	(2,210,295)	650,308	46,871,682
Governmental activities capital assets, net	$ 49,791,730	$ (1,374,287)	$ (275,810)	$ 48,141,633

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
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	377,757	11,487	-	389,244
Vehicles	31,980	-	-	31,980
Total capital assets, being depreciated	466,640	11,487	-	478,127
Less accumulated depreciation for:				
Buildings	31,670	1,138	-	32,808
Machinery and equipment	368,316	4,363	-	372,679
Vehicles	31,980	-	-	31,980
Total accumulated depreciation	431,966	5,501	-	437,467
Total capital assets being depreciated, net	34,674	5,986	-	40,660
Business-type activities capital assets, net	$ 539,616	$ 5,986	$ -	$ 545,602

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

Governmental activities:	
General government	$ 1,697,419
Judicial	21,668
Public safety	1,109,697
Public works	422,231
Health and welfare	33,633
Culture and recreation	158,289
Total depreciation expense - governmental activities	$ 3,442,937
Business-type activities:	
Solid waste management	$ 5,501

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 3,005,000	$ 11,000,000	$ (1,480,000)	$ 12,525,000	$ 1,525,000
Financed purchases from direct borrowings	687,344	-	(458,350)	228,994	228,994
Notes from direct borrowings	1,253,648	-	(459,916)	793,732	340,120
Compensated absences	261,169	148,557	(153,413)	256,313	256,313
Governmental activities long-term liabilities	$ 5,207,161	$ 11,148,557	$ (2,551,679)	$ 13,804,039	$ 2,350,427
Business-type activities:					
Landfill closure/post-closure	$ 2,084,905	$ 37,528	$ -	$ 2,122,433	$ -
Business-type activities long-term liabilities	$ 2,084,905	$ 37,528	$ -	$ 2,122,433	$ -

For governmental funds, compensated absences are liquidated by the General Fund and E911 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%. The outstanding balance of the 2015 bonds is $930,000 at June 30, 2020.

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%. The outstanding balance of the 2016 bonds is $595,000 at June 30, 2020.

In March 2020, the County issued $11,000,000 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 0.98%. The outstanding balance at June 30, 2020 is $11,000,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Year ending June 30,	Principal	Interest	Total
2021	$ 1,525,000	$ 96,124	$ 1,621,124
2022	1,450,000	100,695	1,550,695
2023	1,875,000	84,403	1,959,403
2024	1,890,000	65,954	1,955,954
2025	1,910,000	47,334	1,957,334
Thereafter	3,875,000	38,049	3,913,049
Total	$ 12,525,000	$ 432,559	$ 12,957,559

Financed Purchases from Direct Borrowings. The County has entered into financed purchase agreements in the amount of $995,835 for financing the acquisition of various equipment. Monthly principal and interest payments are required until maturity on May 15, 2021 at an interest rate of 2.08%.

The cost and related accumulated depreciation of assets under the purchase agreements at June 30, 2020 is as follows:

	Governmental Activities
Equipment	$ 995,835
Less accumulated depreciation	(545,391)
	$ 450,444

The County recorded depreciation expense in the amount of $149,794 for the year ended June 30, 2020.

The County's debt service requirements to maturity for these financed purchase agreements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	$ 228,994	$ 1,799	$ 230,793
Total	$ 228,994	$ 1,799	$ 230,793

Notes from Direct Borrowings. 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%.

NOTE 7. LONG-TERM DEBT (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%. The final payment was made during the fiscal year ending June 30, 2020.

Debt service requirements to maturity at June 30, 2020 for the direct borrowing is as follows:

Year ending June 30,	Principal	Interest	Total
2021	$ 340,120	$ 25,422	$ 365,542
2022	340,120	11,869	351,989
2023	113,492	944	114,436
Total	$ 793,732	$ 38,235	$ 831,967

Landfill postclosure 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 postclosure care is $2,122,433 at June 30, 2020. These costs are based on what it would cost to perform all postclosure care in 2020. 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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 99,480
General Fund	SPLOST Fund	1,181,563
General Fund	Solid Waste Management Fund	48,507
Grant Fund	General Fund	375,534
SPLOST Fund	E911 Fund	6,531
Nonmajor Governmental Funds	SPLOST Fund	34,000
Nonmajor Governmental Funds	General Fund	10,868
		$ 1,756,483

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

Advances to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	SPLOST Fund	$ 457,444
General Fund	E911 Fund	528,427
		$ 985,871

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 year 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 year.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	$ 10,864
E911 Fund	General Fund	510,632
Nonmajor Governmental Funds	General Fund	125,000
Solid Waste Management Fund	General Fund	416,548
		$ 1,063,044

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 3.5% of the Plan year covered compensation of all qualifying participants which totaled 261 at June 30, 2020. For the fiscal year ended June 30, 2020, the County's contribution to the Plan was $128,198. Employee voluntary contributions are not allowed under provisions of the Plan.

	Amount	Percent of covered-payroll
Contributions made by County	$ 128,198	2.92%
Total covered payroll	4,384,123	

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.

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.

NOTE 10. RISK MANAGEMENT (CONTINUED)

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 four prior years.

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 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.

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2020.

Contractual Commitments

The County has no contractual commitments on uncompleted construction contracts as of June 30, 2020.

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, 2020, the County paid $19,309 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated ("O.C.G.A.") §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.

NOTE 13. TAX ABATEMENT AGREEMENTS

Pursuant to GASB Statement No. 77, *Tax Abatement Disclosures,* the County is required to disclose certain information about tax abatements as defined in the Statement. For the purposes of GASB No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which: a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the County or the citizens of the County. The County has entered into such agreements. The following is a description of the County's abatement program where the County has promised to forgo taxes.

NOTE 13. TAX ABATEMENT AGREEMENTS (CONTINUED)

The Stephens County Board of Commissioners and Stephens County Development Authority Board authorize tax reductions for industries which invest in new facilities that create new jobs in the County. Abatements of real and personal property taxes are provided to the companies based on a criteria calculation which includes targeted industry, capital investment and employment. The abatement may reduce the amount of property taxes paid over seven to twenty-five years. The agreements may contain claw back provisions which would result in the re-payment of the annual tax abatement for each year the Company fails to meet its jobs/investment commitment. For the fiscal year ended June 30, 2020, the County abated property taxes totaling $301,169.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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, 2020

	Special Revenue Funds				
ASSETS	**Jail Fund**	**Water Lines Fund**	**Juvenile Supervision Fund**	**Drug Rehabilitation Fund**	**Drug Task Force Fund**
Cash and cash equivalents	$ 48,394	$ 7,903	$ 4,279	$ 445,943	$ 49,091
Taxes receivable	-	-	-	-	-
Due from other governments	3,654	-	-	47,181	-
Due from other funds	-	-	-	-	-
Total assets	$ 52,048	$ 7,903	$ 4,279	$ 493,124	$ 49,091
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 57	$ -	$ -	$ 51	$ -
Accrued salaries	1,701	-	-	2,042	-
Due to other funds	47,255	-	-	51,955	-
Total liabilities	49,013	-	-	54,048	-
FUND BALANCES					
Restricted for:					
Judicial programs	-	-	4,279	439,076	-
Public safety	3,035	-	-	-	49,091
Assigned for:					
Jail commissary activity	-	-	-	-	-
Capital improvements	-	7,903	-	-	-
Total fund balances	3,035	7,903	4,279	439,076	49,091
Total liabilities and fund balances	$ 52,048	$ 7,903	$ 4,279	$ 493,124	$ 49,091

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
$ 959	$ -	$ 21,285	$ 41,804	$ 619,658
-	540	-	-	540
-	-	-	-	50,835
-	-	-	44,868	44,868
$ 959	$ 540	$ 21,285	$ 86,672	$ 715,901
$ -	$ 270	$ -	$ 7,475	$ 7,853
-	-	-	-	3,743
-	270	-	-	99,480
-	540	-	7,475	111,076
-	-	21,285	-	464,640
-	-	-	-	52,126
959	-	-	-	959
-	-	-	79,197	87,100
959	-	21,285	79,197	604,825
$ 959	$ 540	$ 21,285	$ 86,672	$ 715,901

STEPHENS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	41,550	-
Charges for services	39,173	-	-	-	-
Fines and forfeitures	8,787	-	615	15,513	8,030
Interest income	4	-	-	44	-
Other revenues	-	-	-	-	-
Total revenues	47,964	-	615	57,107	8,030
Expenditures:					
Current:					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Public safety	60,037	-	2,124	53,277	2,896
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	10,127
Total expenditures	60,037	-	2,124	53,277	13,023
Excess (deficiency) of revenues over (under) expenditures	(12,073)	-	(1,509)	3,830	(4,993)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(12,073)	-	(1,509)	3,830	(4,993)
Fund balances, beginning of year	15,108	7,903	5,788	435,246	54,084
Fund balances, end of year	$ 3,035	$ 7,903	$ 4,279	$ 439,076	$ 49,091

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
$ -	$ 21,728	$ -	$ -	$ 21,728
-	-	-	-	41,550
135,043	-	-	-	174,216
-	-	19,309	-	52,254
-	-	5	79	132
-	-	1,170	1,360	2,530
135,043	21,728	20,484	1,439	292,410
-	-	-	25	25
-	-	13,882	-	13,882
140,298	-	-	-	258,632
-	10,864	-	-	10,864
-	-	-	182,628	192,755
140,298	10,864	13,882	182,653	476,158
(5,255)	10,864	6,602	(181,214)	(183,748)
-	-	-	125,000	125,000
-	(10,864)	-	-	(10,864)
-	(10,864)	-	125,000	114,136
(5,255)	-	6,602	(56,214)	(69,612)
6,214	-	14,683	135,411	674,437
$ 959	$ -	$ 21,285	$ 79,197	$ 604,825

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2019 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads, bridges, and culverts, including road equipment	$ 8,351,830	$ 8,351,830	$ -	$ 477,743	$ 477,743
Fire protection assets	1,890,867	1,890,867	-	-	-
Economic development	2,434,840	2,434,840	-	869,280	869,280
Ambulance vehicles	750,000	750,000	-	-	-
Sheriff vehicles	1,000,000	1,000,000	-	-	-
Government building upgrades	600,000	600,000	-	-	-
Recreation department facilities upgrades	363,220	363,220	-	-	-
Senior center upgrades	300,000	300,000	-	-	-
Emergency management agency vehicle	34,000	34,000	-	34,000	34,000
City of Toccoa	7,315,180	7,315,180	-	112,108	112,108
City of Martin	225,000	225,000	-	-	-
City of Avalon	50,000	50,000	-	-	-
	$ 23,314,937	$ 23,314,937	$ -	$ 1,493,131	$ 1,493,131
Issuance costs on equipment already included as an expenditure above				160,000	
				$ 1,653,131	

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads, bridges, and culverts	$ 10,378,431	$ 10,378,431	$ 9,395,367	$ 996,154	$ 10,391,521
Fire department	400,000	400,000	416,180	-	416,180
Ambulance vehicles	904,215	904,215	589,149	-	589,149
Sheriff vehicles	1,500,000	1,500,000	729,423	308,165	1,037,588
Courthouse annex renovations	230,000	230,000	157,055	72,945	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	32,248	-	32,248
Humane shelter parking lot	35,000	35,000	-	17,952	17,952
Emergency communications	750,000	750,000	769,269	-	769,269
City of Toccoa	6,285,427	6,285,427	4,879,938	1,160,584	6,040,522
City of Martin	217,000	217,000	217,000	-	217,000
City of Avalon	106,000	106,000	106,000	-	106,000
	$ 21,274,423	$ 21,274,423	$ 17,327,025	$ 2,555,800	$ 19,882,825
Debt service payments on equipment already included as an expenditure above				1,719,760	
				$ 4,275,560	

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Sewer projects	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -	$ 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	2,713,803	18,907	2,732,710
Purchase of sheriff vehicles	420,000	420,000	338,848	-	338,848
Road improvements	2,260,000	2,260,000	2,014,358	-	2,014,358
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	452,002	14,046	466,048
Fueling station	200,000	200,000	202,602	-	202,602
	$ 16,380,000	$ 16,380,000	$ 13,553,584	$ 32,953	$ 13,586,537
Debt service payments on equipment already included as an expenditure above				128,792	
				$ 161,745	

AGENCY FUNDS

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

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, 2020

	Tax Commissioner	Clerk of Courts	Probate Court	Magistrate Court
ASSETS				
Cash and cash equivalents	$ 492,190	$ 206,004	$ 1,988	$ 11,016
Taxes receivable	10,228	-	-	-
Accounts receivable	-	-	-	-
Total assets	$ 502,418	$ 206,004	$ 1,988	$ 11,016
LIABILITIES				
Due to others	$ 492,190	$ 206,004	$ 1,988	$ 11,016
Uncollected taxes	10,228	-	-	-
Total liabilities	$ 502,418	$ 206,004	$ 1,988	$ 11,016

Jail Inmate	Probation Office	Total
$ 43,820	$ 18,870	$ 773,888
-	-	10,228
567	-	567
$ 44,387	$ 18,870	$ 784,683

$ 44,387	$ 18,870	$ 774,455
-	-	10,228
$ 44,387	$ 18,870	$ 784,683

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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*

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 (the "County") as of and for the year ended June 30, 2020, 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 January 29, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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 have not been 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 2020-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 29, 2021

STEPHENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	__X__ Yes ____ No
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2020 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001. 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 appropriate segregation of duties does not exist in various areas of County operations, including the offices of the Tax Commissioner, 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:

- Law Library – We noted that the same person who is responsible for receipting the cash is also responsible for recording the receipt, preparing the deposit, preparing the disbursements and reconciling the account.

- Tax Commissioner's Office - We noted segregation of duties issues involving the preparing, signing and mailing of checks. The same person who prepares the checks also approves and signs the checks. After the checks are signed they are returned to the clerks who receipted the money for the month.
- County - We noted individuals involved in the preparation of payroll are also involved in other payroll duties including timekeeping and distribution. Also, the individual responsible for maintaining the detailed capital 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, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS

2019-001. Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: For the fiscal year ended June 30, 2019, 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 2020-001.

STEPHENS COUNTY, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2020-001. Segregation of Duties

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

Corrective Action Plan: The County Finance department and the offices of the Tax Commissioner and the Law Library 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.