STEWART COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For the Year Ended
DECEMBER 31, 2018

STEWART COUNTY, GEORGIA
Annual Financial Report
For the Year Ended December 31, 2018

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STEWART COUNTY, GEORGIA
Annual Financial Report
For the Fiscal Year Ended December 31, 2018

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FINANCIAL SECTION

CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Stewart County, Georgia
Lumpkin, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County'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 Stewart County Board of Health which represents 7.23%, 3.64%, and 38.09% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Stewart County Board of Health, is based solely on the report of the other auditor.

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.

CERTIFIED PUBLIC ACCOUNTANTS
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GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, the aggregate remaining fund information, of Stewart County, Georgia as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stewart County, Georgia's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements, and schedule of project expenditures with special 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 fund statements, and schedule of project expenditures with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019 on our consideration of Stewart County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stewart County, Georgia's internal control over financial reporting and compliance.

Chambliss Sheppard Roland and Associates LLP

Americus, Georgia
December 3, 2019

STEWART COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Stewart County Board of Health	Stewart County Water and Sewerage Authority
ASSETS					
Cash and cash equivalents	$ 2,164,053	$ -	$ 2,164,053	$ 159,595	$ 157,639
Certificates of deposit	-	-	-	-	103,835
Receivables (Net, where applicable, of allowances for uncollectible):					
Property taxes	635,903	-	635,903	-	-
Accounts	4,131	70,221	74,352	-	31,840
Internal balances	(107,365)	107,365	-		-
Due from other governments	84,962	-	84,962	28,484	-
Overpaid payroll taxes	39,440	6,518	45,958	-	-
Restricted cash					40,418
Net OPEB asset	-	-	-	4,005	-
Capital assets, nondepreciable	226,408	-	226,408	-	23,000
Capital assets, depreciable net of accumulated depreciation	5,497,449	473,828	5,971,277	-	2,109,266
Total Assets	8,544,981	657,932	9,202,913	192,084	2,465,998
DEFERRED OUTFLOWS OF RESOURCES					
Employer pension contributions	-	-	-	6,042	-
Changes in proportion and differences between employer contributions and proportionate share contributions - OPEB	-	-	-	4,725	-
Changes in proportion and differences between employer contributions and proportionate share contributions - Pension plan	-	-	-	948	-
Total Outflows of Resources	-	-	-	11,715	-
LIABILITIES					
Bank overdraft	-	14,717	14,717		
Accounts payable	46,901	5,616	52,517	13,979	12,316
Payroll taxes payable	-	-	-	-	1,318
Accrued salaries and benefits	37,055	25,828	62,883	-	-
Due to other governments	21,050	-	21,050	-	-
Due to Local Victim Assistance Programs	14,629	-	14,629	-	-
Compensated absences due, within one year	-	-	-	-	-
Landfill post-closure care costs, due within one year	39,100	-	39,100	-	-
Capital leases, due within one year	128,033	73,251	201,284	-	-
Bonds payable, due within one year	-	-	-	-	16,002
Note payable, due within one year	-	2,877	2,877	-	22,290
Proportionate share of collective net pension liability	-	-	-	51,741	-
Customer deposits	-	-	-	-	20,385
Logging and escrow payments	16,980	-	16,980	-	-
Compensated absences, due in more than one year	-	-	-	3,962	-
Landfill post-closure care costs, due in more than one year	224,824	-	224,824	-	-
Capital lease, due in more than one year	164,986	273,287	438,273	-	-
Bonds payable, due in more than one year	-	-	-	-	470,596
Note payable, due in more than one year	-	12,187	12,187	-	66,374
Total Liabilities	693,558	407,763	1,101,321	69,682	609,281
DEFERED OUTFLOWS OF RESOURCES					
Proportionate share of collective deferred inflows of resources - pension plan	-	-	-	63,239	-
Proportionate share of collective deferred inflows of resources - OPEB	-	-	-	612	-
Total Deferred Inflows of Resources	-	-	-	63,851	-
NET POSITION					
Net investment in capital assets	5,430,838	112,226	5,543,064	-	1,557,004
Restricted for:					
Debt service	-	-	-	-	40,418
Capital projects	840,494	-	840,494	-	-
Judicial purposes	119,638	-	119,638	-	-
Public safety purposes	58,503	-	58,503	-	-
Health and welfare functions	-	-	-	15,213	-
Unrestricted	1,401,950	137,943	1,539,893	55,053	259,295
Total Net Position	$ 7,851,423	$ 250,169	$ 8,101,592	$ 70,266	$ 1,856,717

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

STEWART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Board of Health	Component Units: Stewart County Water and Sewerage Authority
Governmental Activities:									
General government	$ 1,143,221	$ 128,017	$ 5,153	$ -	$ (1,010,051)	$ -	$ (1,010,051)	$ -	$ -
Judicial	450,550	178,516	-	-	(272,034)	-	(272,034)	-	-
Public safety	1,026,815	106,398	-	-	(920,417)	-	(920,417)	-	-
Public works	1,356,501	16,015	-	316,731	(1,023,755)	-	(1,023,755)	-	-
Health and welfare	59,889	-	-	-	(59,889)	-	(59,889)	-	-
Culture and recreation	8,991	-	-	-	(8,991)	-	(8,991)	-	-
Housing and development	80,492	-	-	-	(80,492)	-	(80,492)	-	-
Interest on long term debt	9,385	-	-	-	(9,385)	-	(9,385)	-	-
Total Governmental Activities	4,135,844	428,946	5,153	316,731	(3,385,014)	-	(3,385,014)	-	-
Business-Type Activities:									
Emergency Medical Services	961,148	474,622	-	18,600	-	(467,926)	(467,926)	-	-
Total Business-Type Activities	961,148	474,622	-	18,600	-	(467,926)	(467,926)	-	-
Total Primary Government	$ 5,096,992	$ 903,568	$ 5,153	$ 335,331	(3,385,014)	(467,926)	(3,852,940)		
Component Units:									
Board of Health	$ 165,326	$ 35,964	$ 158,353	-	-	-	-	28,991	
Stewart County Water and Sewerage Authority	424,410	385,311	-	-	-	-	-	-	(39,099)
Total Component Units	$ 589,736	$ 421,275	$ 158,353					28,991	(39,099)
General revenues:									
Taxes:									
Property, and timber					1,907,328	-	1,907,328	-	-
Forest Land Protection Act					194,531	-	194,531	-	-
Motor vehicle and mobile home					159,481	-	159,481	-	-
Sales					864,048	-	864,048	-	-
Insurance Premium Tax					221,866	-	221,866	-	-
Other Taxes					51,266	-	51,266	-	-
Allotments from Participating Local Government					-	-	-	43,300	-
Fees from Stewart Detention Center					666,834	-	666,834	-	-
Interest Earnings					6,638	-	6,638	103	998
Gain / (Loss) on Sale of Capital Assets					9,115	(8,928)	187	-	-
Miscellaneous					-	65,052	65,052	-	-
Transfers					(573,314)	573,314	-	-	-
Total general revenues and transfers					3,507,793	629,438	4,137,231	43,403	998
Change in net position					122,779	161,512	284,291	72,394	(38,101)
Net position - Beginning of year					7,728,644	76,365	7,805,009	(2,128)	1,939,751
Prior period adjustment					-	12,292	12,292	-	(44,933)
Net position - Ending of year					$ 7,851,423	$ 250,169	$ 8,101,592	$ 70,266	$1,856,717

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

STEWART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	TIA Fund	Non-Major Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 1,553,529	$ 235,216	$ 375,308	$ 2,164,053
Receivables (net of allowance for uncollectible)				
Taxes	635,903	-	-	635,903
Accounts	-	-	4,131	4,131
Due from other governments	11,052	42,336	31,574	84,962
Overpaid payroll taxes refundable	39,440	-	-	39,440
Prepaid expenses	-	-	-	-
Total Assets	$ 2,239,924	$ 277,552	$ 411,013	$ 2,928,489
LIABILITIES				
Accounts payable	$ 44,640	$ 2,261	$ -	$ 46,901
Accrued salaries, taxes and benefits	37,055	-	-	37,055
Due to Local Victim Assistance Programs	14,629	-	-	14,629
Due to other governments	-	-	21,050	21,050
Due to other funds	107,365	-		107,365
Logging bonds and escrow funds	16,980	-	-	16,980
Total Liabilities	220,669	2,261	21,050	243,980
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Tax	545,484	-	-	545,484
Total Deferred Inflows of Resources	545,484	-	-	545,484
FUND BALANCES				
Restricted	321,149	275,291	373,571	970,011
Committed	162,361	-	-	162,361
Assigned	61,522	-	16,392	77,914
Unassigned	928,739	-	-	928,739
Total Fund Balances	1,473,771	275,291	389,963	2,139,025
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,239,924	$ 277,552	$ 411,013	

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,723,857
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Tax		545,484
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	-	
Capital lease	(293,019)	
Landfill post-closure care costs	(263,924)	(556,943)
Net position of governmental activities		$ 7,851,423

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

STEWART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year ended December 31, 2018

	General	TIA Fund	Non-Major Governmental Funds	Total
Revenues:				
Taxes				
Property	$ 1,873,921	$ -	$ -	$ 1,873,921
Timber	93,945	-	-	93,945
Forest Land Protection Act	194,531	-	-	194,531
Motor vehicle and mobile home	159,481	-	-	159,481
Sales	113,123	427,766	323,159	864,048
Insurance premium	221,866	-	-	221,866
Other	51,266	-	-	51,266
Fees from Stewart Detention Center	666,834	-	-	666,834
Licenses and permits	8,972	-	-	8,972
Grants and subsidies	316,731	-	-	316,731
Charges for services	127,375	-	64,848	192,223
Fines and forfeitures	139,692	-	33,142	172,834
Investment earnings	5,547	1,091	1,476	8,114
Miscellaneous revenue	48,634	-	4,807	53,441
Total Revenues	4,021,918	428,857	427,432	4,878,207
Expenditures:				
Current				
General government	1,032,375	-	-	1,032,375
Court system	447,909	-	2,641	450,550
Public safety	807,050	-	197,595	1,004,645
Public works	690,414	260,823	-	951,237
Health and welfare	46,591	-	-	46,591
Culture and recreation	8,991	-	-	8,991
Housing and development	80,492	-	-	80,492
Intergovernmental support	-	-	215,232	215,232
Debt Service				
Principal	-	150,126	-	150,126
Interest	-	9,385	-	9,385
Capital outlay			33,184	33,184
Total Expenditures	3,113,822	420,334	448,652	3,982,808
Excess / (Deficiency) of Revenues over Expenditures	908,096	8,523	(21,220)	895,399
Other financing sources / (uses)				
Transfers in / (out)	(652,456)	-	98,400	(554,056)
Sale of capital assets and other surplus	9,115	-	-	9,115
Total Other Financing Sources / (Uses)	(643,341)	-	98,400	(544,941)
Net Change in Fund Balances	264,755	8,523	77,180	350,458
Fund Balance - Beginning of Year	1,209,016	266,768	312,783	1,788,567
Fund Balance - End of Year	$ 1,473,771	$ 275,291	$ 389,963	$ 2,139,025

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

STEWART COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

The change in net position reported for governmental activities in the statement of activities is different because:		
Net change in fund balances - total governmental funds.		$ 350,458
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 depreciation ($469,220) exceeded outlays ($126,958) in the current period.		(342,262)
Governmental funds report the proceeds from the sale of capital assets as an increase in financial resources. However, in the statement of activities, the gain/loss on the sale, trade or disposition of capital assets is reported. Thus the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Capital lease principal forgiven	5,153	
Property tax receivable	(60,538)	(55,385)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments	150,126	150,126
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.		
Compensated absences	-	
Landfill expenditures	39,100	39,100
Transfers of capital assets from the governmental funds to the business-type funds are reported only in the statement of activities as this transaction does not provide or consume financial resources in the governmental funds.		(19,258)
Change in Net Position of Governmental Activities.		$ 122,779

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

STEWART COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes				
Property	$ -	$ -	$ 1,873,921	$ 1,873,921
Timber	-	-	93,945	93,945
Forest Land Protection Act	-	-	194,531	194,531
Motor vehicle and mobile home	-	-	159,481	159,481
Sales	-	-	113,123	113,123
Insurance premium	-	-	221,866	221,866
Other	-	-	51,266	51,266
Fees from Stewart Detention Center	-	-	666,834	666,834
Licenses and permits	-	-	8,972	8,972
Grants and subsidies	-	-	316,731	316,731
Charges for services	-	-	127,375	127,375
Fines and forfeitures	-	-	139,692	139,692
Investment earnings	-	-	5,547	5,547
Miscellaneous revenue	-	-	48,634	48,634
Total Revenues	-	-	4,021,918	4,021,918
Expenditures:				
General government				
commissioner's office	286,724	296,424	276,055	20,369
Courthouse / public buildings	80,618	120,915	113,724	7,191
Registrar's office	107,773	107,773	85,977	21,796
Tax Commissioner	143,460	143,460	137,101	6,359
Tax assessor	108,299	109,299	93,618	15,681
Board of equalization	14,409	14,410	11,426	2,984
general administration	304,228	324,230	270,046	54,184
Other	31,000	31,000	44,428	(13,428)
Total general government	1,076,511	1,147,511	1,032,375	115,136
Court system				
Superior court	76,125	76,125	30,404	45,721
Clerk of superior court	120,287	120,287	110,430	9,857
Magistrate court	77,159	77,159	74,225	2,934
Probate court	188,825	188,825	182,705	6,120
Juvenile court	14,773	14,773	21,590	(6,817)
Indigent defense	23,363	23,363	28,555	(5,192)
Total court system	500,532	500,532	447,909	52,623
Public safety				
Sheriff	635,579	635,579	721,689	(86,110)
Coroner	24,330	24,330	13,995	10,335
Emergency management	49,292	49,292	51,109	(1,817)
Fire fighting	-	-	20,257	(20,257)
Total public safety	709,201	709,201	807,050	(97,849)

Continued...

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

STEWART COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Public works				
Road department	466,302	466,302	487,822	(21,520)
Solid waste collection	-	-	188,802	(188,802)
Landfill post-closure	18,100	18,100	13,790	4,310
Total public works	484,402	484,402	690,414	(206,012)
Health and welfare				
Public health	46,565	46,565	44,839	1,726
Welfare	4,500	4,500	1,752	2,748
Total health and welfare	51,065	51,065	46,591	4,474
Culture and recreation				
Senior center	5,602	5,602	6,451	(849)
Library	1,500	1,500	2,540	(1,040)
Total culture and recreation	7,102	7,102	8,991	(1,889)
Housing and development				
Extension service	49,102	49,102	43,167	5,935
Code enforcement / building inspection	15,486	15,486	5,549	9,937
Planning and zoning	-	-	9,000	(9,000)
Georgia Forestry Commission	-	-	22,776	(22,776)
Total housing and development	64,588	64,588	80,492	(15,904)
Total Expenditures	2,893,401	2,964,401	3,113,822	(149,421)
Excess / (Deficiency) of Revenues over Expenditures	(2,893,401)	(2,964,401)	908,096	3,872,497
Other financing sources				
Transfer out	(252,500)	(182,780)	(652,456)	(469,676)
Sale of capital assets and other surplus	-	-	9,115	9,115
Proceeds from capital lease	-	-	-	-
Total other financing sources	(252,500)	(182,780)	(643,341)	(460,561)
Net Change in Fund Balance	(3,145,901)	(3,147,181)	264,755	3,411,936
Fund Balance - Beginning of Year	1,209,016	1,209,016	1,209,016	-
Fund Balance - End of Year	$ (1,936,885)	$ (1,938,165)	$ 1,473,771	$ 3,411,936

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

STEWART COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Emergency Medical Services
ASSETS	
Current Assets:	
Cash and cash equivalents	$ -
Due from General Fund	107,365
Accounts receivable, net of allowance for doubtful accounts	70,221
Payroll tax overpayments	6,518
Total Current Assets	184,104
Noncurrent Assets:	
Capital assets	
Depreciable assets, net	473,828
Capital assets, net of depreciation	473,828
Total Noncurrent Assets	473,828
Total Assets	657,932
LIABILITIES	
Current Liabilities:	
Cash overdraft	14,717
Accounts payable	5,616
Accrued wages	25,828
Note payable due in one year	2,877
Capital leases due in one year	73,251
Total Current Liabilities	122,289
Long-Term Liabilities:	
Note payable due in more than one year	12,187
Capital leases due in more than one year	273,287
Total Long-Term Liabilities	285,474
Total Liabilities	407,763
NET POSITION	
Net investment in capital assets	112,226
Unrestricted	137,943
Total Net Position	$ 250,169

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

STEWART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2018

	Emergency Medical Services
OPERATING REVENUES	
Charges for services	$ 474,622
Total Operating Revenues	474,622
OPERATING EXPENSES	
Salaries	622,086
Payroll taxes and retirement	56,989
group insurance	48,905
Office supplies and postage	1,969
Operating supplies	28,609
Uniforms	8,224
Mutual aid Webster County	10,025
Medical supplies	28,883
Fuel, oil and lube	26,956
Tires	6,286
Rent	4,200
Computer support	1,912
Service bureau	3,700
Operating license	7,400
Travel	218
Repair and maintenance	12,622
Telephone	8,765
Miscellaneous	2,002
Firefighter cancer insurance	1,801
Firefighter stipend	16,510
Firefighter PPE	1,221
Depreciation	53,827
Total Operating Expenses	953,110
Operating Income (Loss)	(478,488)
NONOPERATING REVENUE (EXPENSE)	
USDA grant	18,600
Insurance claim	65,052
Loss on asset disposal	(8,928)
Interest expense	(8,038)
Net Nonoperating Revenue (Expense)	66,686
Income (Loss) before transfers	(411,802)
TRANSFERS	
Transfers in	573,314
Change in Net Position	161,512
Net Position - Beginning of Year	76,365
Prior period adjustment	12,292
Net Position - End of Year	$ 250,169

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

STEWART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Emergency Medical Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from patients	$ 442,087
Cash Payments to Suppliers	(188,136)
Cash Payments to Employees for Services	(708,365)
Net Cash Used In Operating Activities	(454,414)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Overpaid payroll tax	(6,518)
Net Cash Used In Non-Capital Financing Activities	(6,518)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in	554,056
Payments for capital acquisitions	(413,945)
Proceeds from USDA promissory note	15,300
Proceeds from capital leases	379,687
Principal paid on USDA promissory note	(236)
Principal paid on capital leases	(85,469)
Interest Paid on debt	(8,038)
Net Cash Provided by Capital and Related Financing Activities	441,355
Net Decrease in Cash and Cash Equivalents	(19,577)
Cash and Cash Equivalents - Beginning of year	4,860
Cash and Cash Equivalents - End of year	$ (14,717)
Displayed as:	
Cash and cash equivalents	$ (14,717)

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

STEWART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Emergency Medical Services
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (478,488)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities :	
Depreciation	53,827
(Increase) decrease in accounts receivable	(32,535)
(Increase) decrease in due from general fund	(6,213)
Increase (decrease) in accounts payable	(16,833)
Increase (decrease) in accrued salaries	25,828
Net Cash Used In Operations	$ (454,414)

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

STEWART COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 138,965
Uncollected taxes	1,551,214
Total Assets	$ 1,690,179
LIABILITIES	
Due to others	$ 48,531
Due to others - escrow	90,434
Uncollected taxes due governments	1,551,214
Total Liabilities	$ 1,690,179

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Stewart County, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the County's more significant policies applied in the preparation of the accompanying financial statements.

1-A. Reporting Entity

Stewart County was created by an act of the Georgia General Assembly on December 23, 1830. The County operates under the county commission-county manager form of government. Five elected members compose the Board of County Commissioners. The County provides the following services as authorized by state law: general administrative services, public safety, roads and bridges, courts and health and welfare, planning and zoning, and solid waste collection.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Stewart County, Georgia (the "primary government") and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the County's reporting entity because of the significance of the operational and financial relationships with the County. In conformity with generally accepted accounting principles, the financial statements of the component units have been included as a discretely presented component units. The component unit columns in the basic financial statements includes the financial data for the County's component units, as reflected in their most recent audited financial statements. The financial information for the component units are reported in columns separate from the County's financial information to emphasize that they are legally separate from the County.

Discretely Presented Component Units

The Stewart County Board of Health (Health Department) Title 31, Chapter 3 of the Official Code of Georgia Annotated, establishes County Boards of Health and prescribes their powers, functions and membership. The Health Department is charged with determining the health needs and resources of it jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The Health Department is governed by the Stewart County Board of Health (Board). The County appoints the voting majority of the board. Although the County does not have the authority to approve or modify the budget for the Health Department, the County provides financial support to the Health Department. The Health Department is presented as a governmental fund type. The Health Department issued separate financial statements that have a June 30 year-end. Complete financial statements can be obtained at the following address: Stewart County Board of Health, 211 Health Department Road, Lumpkin, Georgia 31815.

The Stewart County Water and Sewerage Authority was established by the Georgia State Legislature approved March 24, 1988. The Authority is a body corporate and politic and is deemed to be a political subdivision of the State of Georgia and a public corporation. The Authority is composed of five members. One member each is appointed by the governing authorities of the Cities of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting Entity(continued)

Richland and Lumpkin and three members are appointed by the governing authority of Stewart County. The County does not have the authority to approve or modify the budgets of the Authority, the County is not legally obligated nor has it assumed the obligation to finance the deficits of the Authority. The County does not provide any financial support, nor does it have the right to claim any surpluses that the Authority may have. Complete financial statements can be obtained at the following address: Stewart County Water and Sewerage Authority 1764 Broad Street, Lumpkin Ga. 31815.

1-B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide financial statements (Statements of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed by taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed significantly by fees and charges to external parties.

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. Revenues that are not classified as program revenues, including all taxes, and fees from the Stewart County Detention Center are presented as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements provide more detailed information about the government's most significant funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services 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 revenues are considered to be measurable and available only when cash is received by the government.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-B. Basis of Presentation, Basis of Accounting (continued)

in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The County-wide solid waste pick-up service is included in the General Fund.

TIA Fund – This fund was established to account for the proceeds of Transportation Investment Act special 1% sales tax collected and the projects approved for those funds. "Project" means, without limitation, any new or existing airports, bike lanes, bridges, bus and rail mass transit systems, freight and passenger rail, pedestrian facilities, ports, roads, terminals, and all activities and structures useful and incident to providing, operating, and maintaining the same. The term shall also include direct appropriations to a local government for the purpose of serving as a local match for state or federal funding.

The County reports the following major enterprise fund:

Emergency Medical Service Fund - This fund accounts for the operation of the County's fire and ambulance service.

Additionally, the County reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Business-type/Proprietary Funds).

Agency Funds – Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

1-C Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. 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. Revenue from grants and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-C. Measurement Focus, Basis of Accounting continued)

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under 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 after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related fund 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 the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources

1-D. Cash and Cash Equivalents and Investments

The government and the discretely presented component unit's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. The County has no investments.

1-E. Receivables and Payables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to an either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realized value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Patient accounts receivable in the EMS Fund are recorded net of third-party payor allowances and discounts and are considered fully collectible. Self-pay accounts are generally considered uncollectible.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

1-G. Prepaid Items

Occasionally the county may make 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.

1-H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to October 1, 2003), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and equipment capital assets are defined by the government as assets with an initial, individual cost of $7,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. This includes maintenance and resurfacing of county roads. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	15 - 30 years
Vehicles and Equipment	5 - 10 years
Infrastructure	30 - 50 years

1-I. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow or resources (expense/expenditures) until then.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-J. Compensated Absences

The County's personnel policy permits all full-time and acting full-time employees to accumulate unused annual leave and sick pay. Up to thirty days of annual leave may be accumulated, and employees shall be compensated for accumulated leave upon leaving the employment of the County.

Accumulated sick pay benefits are paid upon illness of an employee. There is no provision to compensate employees for unused sick pay when they separate from service.

A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences that will be paid from *governmental funds* are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

1-K. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balances in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable — amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted — amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed — amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commissioners through adoption of a resolution. The Commissioners also may modify or rescind the commitment.
- Assigned — amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Commissioners have authorized the Commission Chairman to assign fund balances.
- Unassigned — amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balances are available 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 balances in the following order:

- Committed
- Assigned
- Unassigned

The County does not have a formal minimum fund balance policy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-L. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made in order in which the resources are considered to be applied.

When both restricted and unrestricted resources are available for use, it is the government's policy to us restricted first, and then unrestricted resources as they are needed. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

1-M. Management 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

2-A. Budget Process

An operating budget is legally adopted each fiscal year for the general fund only. Special revenue funds are not budgeted. The adopted general fund budget includes expenditures only. Capital projects fund are project length budgets.

1. Prior to the start of the new fiscal year the County Manager submits to the Board of Commissioners a proposed operating budget for the General Fund only. The operating budget includes proposed expenditures without the means of financing them.
2. The Commission holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Stewart County
3. The budget is then revised as necessary and adopted by the Commission
4. The budget as adopted may be revised during the year only by formal action of the Commission in a regular meeting.
5. Formal budgetary integration has been employed. The expenditure budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP)
6. Budgeted amounts are as originally adopted, or as amended by the Commission.

The appropriated budget is prepared on a detailed line item basis. Revenues are not budgeted. Expenditures are budgeted by department. The legal level of control (the level at which expenditures may not legally exceed appropriations) is by department. Budget revisions at this level are subject to final review by the Board of Commissioners. Within these control levels, the County Manager may transfer appropriations without Commission approval for any line item except salaries, travel and capital outlay.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (continued)

2-B. Excess of Expenditures over Appropriations

The following departments had excess of actual expenditures over appropriations for the year ended December 31, 2018:

General Fund:	
Sheriff's Department	$ 86,110
Emergency Management	1,817
Fire Department	20,257
Road Department	21,520
Solid waste collection	188,802
Culture and Recreation	1,889
Housing and Development	15,904
General government – other	13,428
Juvenile court	6,817
Indigent defense	5,192
Transfers out	469,676

The overages in the landfill and solid waste collections was because cost of solid waste collection was not budgeted. Transfers out were not budgeted. The other General Fund overages were funded by under-expenditures in other departments. Overages in the Special Revenue Funds were because budgets were not approved; expenditures were funded by the special revenues or existing fund balances.

NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits The County does not have a formal policy for custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. State statutes require all deposits and investments (other than federal or state governmental instruments) to be collateralized by depository insurance, obligations of the U. S. government, or bonds of public authorities, counties or municipalities The County's funds are on deposit in a credit union which is a member of NCUA; applicable accounts are insured up to $250,000, additionally the credit union has obtained an irrevocable letter of credit from the Federal Home Loan Bank of Atlanta with an amount available of $2,000,000. As of December 31, 2018, $325,358 of county funds were not adequately collateralized or insured.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

Credit risk. Georgia law allows investments in obligation of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime bankers acceptances, repurchase agreements, other political subdivisions of Georgia and the Office of the State Treasurer.

The County's policy is to deposit any available excess funds into interest-bearing money market accounts or certificates of deposit. The county had no certificates of deposit at December 31, 2018.

NOTE 4. PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by April 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Stewart County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by the state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Stewart County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. The 2018 property tax was levied on August 17, 2018 and mailed on September 11, 2018 with a due date of December 20, 2018. Property tax receivables have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

The County bills and collects its own property taxes as well as taxes for the State and County School District. Collections of the County taxes and their remittances are accounted for in the Tax Commissioner's Agency Fund.

NOTE 5. RECEIVABLES

Receivables as of year-end for the County's individual major funds and nonmajor governmental and its enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	EMS Fund	Total
Receivables				
Property Taxes	$ 677,224	$ -	$ -	$ 677,224
Accounts	-	4,131	70,221	74,352
Gross Receivables	677,224	-		715,576
Less: Allowance for Doubtful Accounts	(41,321)	-	-	(41,321)
Net Receivables	$ 635,903	$ 4,131	$ 70,221	$ 710,255

EMS Fund accounts receivable are all collections after December 31, 2018 for dates of service on that date or before. No allowance for doubtful accounts has been provided. Amounts are recorded net of third-party payor allowances and discounts. Patient self-pay accounts are generally considered uncollectible.

NOTE 6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2018, are as follows:

Fund:	State
General	$ 11,052
TIA	42,336
SPLOST	31,574
Total	$ 84,962

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2018, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
EMS Fund	General Fund	$ 107,365

The outstanding balances between funds result mainly 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 County expects to repay all interfund balances within one year.

Interfund transfers:

Transfer To	Transfer From	Amount
EMS Fund	General Fund	$ 554,056
EMS Fund	General Fund	19,258
E-911 Fund	General Fund	98,400

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs. The transfer of $554,056 from the General Fund to the EMS Fund was to supplement operations. The transfer of $19,258 from the General Fund to the EMS fund was the undepreciated cost of two pieces of equipment. The transfer in to the E-911 Fund was to supplement operations

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 226,408	$ -	$ -	$ 226,408
Total Nondepreciable Capital Assets	226,408	-	-	226,408
Capital Assets, Being Depreciated:				
Buildings and improvements	7,201,220	-	-	7,201,220
Equipment, furniture & vehicles	3,362,931	126,958	(683,424)	2,806,465
Infrastructure	1,575,117	-	-	1,575,117
Total Capital Assets, Being Depreciated	12,139,268	126,958	(683,424)	11,582,802
Accumulated Depreciation:				
Buildings and improvements	(3,284,270)	(225,611)	-	(3,509,881)
Equipment, furniture & vehicles	(2,715,083)	(180,864)	664,166	(2,231,781)
Infrastructure	(280,946)	(62,745)	-	(343,691)
Total Accumulated Depreciation	(6,280,299)	(469,220)	664,166	(6,085,353)
Total Depreciable Assets, Net	5,858,969	(342,262)	(19,258)	5,497,449
Governmental Activities, Capital Assets, Net	$ 6,085,377	$ (342,262)	$ (19,258)	$ 5,723,857

Governmental Activities Depreciation Expense:	
General Government	$ 155,236
Public Safety	71,554
Public Works	229,132
Health and welfare	13,298
Total Governmental Activities Depreciation Expense	$ 469,220

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment, furniture & vehicles	$ 839,071	$ 519,723	$ (555,359)	$ 803,435
Buildings and improvements	12,531	-	-	12,531
Total Capital Assets, Being Depreciated	851,602	519,723	(555,359)	$ 815,966
Accumulated Depreciation:				
Equipment, furniture & vehicles	(747,983)	(128,056)	546,432	(329,607)
Buildings and improvements	(12,531)	-	-	(12,531)
Total Accumulated Depreciation	(760,514)	(128,056)	546,432	(342,138)
Capital Assets, Being Depreciated, Net	91,088	(128,056)	546,432	473,828
Business-Type Activities Capital Assets, Net	$ 91,088	$ (128,056)	$ 546,432	$ 473,828

Business-Type Activities Depreciation Expense:	
Emergency Medical Services Fund	$ 53,827

(Note: Depreciation additions includes $74,228 transferred in from the General Fund.)

NOTE 8. CAPITAL ASSETS (continued)

Retirements in the Governmental Activities are to record previously discarded equipment with cost and accumulated depreciation of $589,938; and to record equipment transferred to the Business-Type Activity with a cost of $93,486 and accumulated depreciation of $74,228.

Retirements in the Business-Type Activity is to record dilapidated, useless or previously discarded equipment with a cost and accumulated depreciation of $466,081 and also, to record a wrecked ambulance with a cost of $89,278 and accumulated depreciation of $80,350.

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ -	$ -	$ -	$ -	$ -
Capital lease payable	448,298	-	(155,279)	293,019	128,033
Landfill post-closure costs	303,024	-	(39,100)	263,924	39,100
Total Governmental Activities	$ 751,322	$ -	$ (194,379)	$ 556,943	$ 167,133
Business-type Activities:					
Compensated absences	$ -	$ -	$ -	$ -	$ -
Capital lease payable	37,020	394,987	(85,469)	346,538	73,251
Notes Payable	-	15,300	(236)	15,064	2,877
Total Business-type Activities	$ 37,020	$ 410,287	$ (85,705)	$ 361,602	$ 76,128

Governmental Activities Debt

Capital Leases. The County has entered into capital lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. Total cost of assets under capital lease as of December 31, 2018, is $561,783, which is included in governmental activities capital assets on the statement of net position.

The County recorded depreciation expense of $80,342 with accumulated depreciation of $215,413 in the fiscal year ended December 31, 2018 on assets under capital leases.

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

Year Ending December 31,	Minimum Lease Payments
2019	$ 134,469
2020	102,472
2021	28,340
2022	28,340
2023	11,808
Total minimum lease payments	305,429
Less: amount representing interest	(12,410)
Present value of minimum lease payments	$ 293,019

NOTE 9. LONG-TERM DEBT (continued)

Business-Type Activities Debt

Notes Payable.
In 2018, the County entered into an agreement with the United States Department of Agriculture (USDA) to finance the acquisition of a 2017 Chevrolet Tahoe. The total proceeds of the loan were $15,300. The loan is for 5 years beginning November 16, 2018 and will continue through November 16, 2023, payable in monthly installments of $277 with interest at 3.25%.

Annual debt service requirements to maturity for this note payable are as follows:

Year Ending	Business-Type Activities		
December 31st	Principal	Interest	Total
2019	$ 2,877	$ 447	$ 3,324
2020	2,972	352	3,324
2021	3,070	254	3,324
2022	3,171	153	3,324
2033	2,974	48	3,023
	$ 15,064	$ 1,254	$ 16,319

Capital Leases
The County has entered into capital lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. Total cost of assets under capital lease as of December 31, 2018, is $398,867, which is included in business-type activities capital assets on the statement of net position.

The County recorded depreciation expense of $19,943 with accumulated depreciation of $19,943 in the fiscal year ended December 31, 2018 on assets under capital leases.

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

Year Ending December 31,	Minimum Lease Payments
2019	$ 88,777
2020	88,778
2021	88,777
2022	88,778
2023	32,921
Total minimum lease payments	388,031
Less: amount representing interest	(41,493)
Present value of minimum lease payments	$ 346,538

NOTE 10. FUND EQUITY

The following is a summary of the fund balance classifications as of December 31, 2018:

	General	TLOST Fund	Non-major Governmental	Total
Fund Balances				
Restricted for:				
Capital Improvements	$ 321,149	$ 275,291	$ 244,054	$ 840,494
Drug Awareness	-	-	47,763	47,763
Law Library	-	-	66,935	66,935
E-911	-	-	9,848	9,848
Jail	-	-	4,971	4,971
Committed:				
Solid waste collection	162,361	-	-	162,361
Assigned				
Codification of County Ordinances	42,855	-	-	42,855
Education	16,996	-	-	16,996
Park maintenance	-	-	10,623	10,623
Fire department	1,671	-	-	1,671
Sheriff's Department	-	-	5,769	5,769
Unassigned	928,739	-	-	928,739
Total Fund Balances	$ 1,473,771	$ 275,291	$ 389,963	$ 2,139,025

NOTE 11. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

The Stewart County, Georgia closed its landfill in 1991 and placed a final cover on the landfill in accordance with state and federal laws and regulations. In addition, state and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. These maintenance and monitoring functions are estimated to cost $39,100 per year.

Although the post-closure costs will be paid when the services are performed, the County reports a total liability of $263,924 as landfill post-closure care liability at December 31, 2018. This amount represents the cumulative amount of landfill post-closure costs based on the 100 percent of the capacity of the landfill. The County has no assets restricted for payment of post-closure care costs. Actual costs may change due to inflation, changes in technology, or changes in regulations.

NOTE 12. DEFINED CONTRIBUTION RETIREMENT PLAN

The County has adopted the ACCG 457(b) Deferred Compensation Plan for Stewart County Employees and the ACCG 401(a) Defined Contribution Plan for Stewart County Employees.

The 457(b) plan is available to all employees including elected or appointed officials of the County. The County cannot make any basic contributions, discretionary contributions, or matching contributions. Employees through salary reductions may contribute up to the IRC 402(g) limit ($18,000 in 2018). Participants direct investment of all accounts. Self-directed brokerage is not permitted.

Contributions made by and made for individual participants are credited to that individual participant's account.

The 401(a) plan is available to all full-time County employees working at least 30 hours a week after one year of service. None of the County's elected officials are eligible to participate. The contribution requirements of plan members and the government are established and may be amended by resolution passed by the County Board of Commissions. There is no mandatory requirement for employee contributions; after-tax employee contributions are not permitted. The employer can make basic contributions equal to 1% of each Participant's Compensation. No employer discretionary contributions are permitted. Employer matching contributions equal to 50% of the first 2% on amounts Participants contribute to the 457(b) plan. The maximum matching contribution shall be no more than 1% of compensation. Matching contributions shall be made on a payroll basis. Participants direct the investments of all accounts and self-directed brokerage is not permitted. Employer contributions become 100% vested after 3 years or more of service.

Upon retirement or employment termination, employees are entitled a lump sum distribution of the employee and employer contributions with investment earnings or the option of receiving monthly, semi-annual, or annual payments based on an amount equal to the amount of the employee and employer contributions with investment earnings.

The County's total payroll was $1,974,699 and the County's contributions were based on covered payroll of $1,030,004 for the year ended December 31, 2018. Employee contributions to the plan amounted to $13,592 or 1.32% of the total covered payroll. Employer contributions amounted to $10,382 to the plan, or 1,01% of total payroll covered. A total of 31 employees and one elected official participated in the plan for the year ended December 31, 2018. The County does not match any of the contributions of elected officials.

All amounts of contribution defined under the plan, all property and investments purchased with those amounts, and all income attributable to those amounts, properties, or rights are: held for the exclusive benefits of the employees, or retired employees or their beneficiaries, in a trust, custodial account, or qualified insurance contract, in conformity with the "Small Business Job Protection Act of 1996." These sums are not reported within the County's annual financial report. ACCG administers the plans.

NOTE 13. OTHER RETIREMENT PLANS

The following plans are in effect for the constitutional officers of Stewart County. The County does not contribute directly to the plans. Contributions are made through an increase in the fine amounts. The County exercises no control over these plans.

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan, which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs of other claims.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan, which requires that certain sums of fees and fines or bond forfeitures be remitted to the pension plan before payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

The Sheriff and his deputies are covered under separate pension plans, which require that certain sums from fines or bond forfeitures be remitted by the Probate Court, Magistrate Court or Clerk of Superior Court to the pension plan before the payment of any costs of other claims.

NOTE 14. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverages.

NOTE 15. CONTINGENT LIABILITIES

15-A. Litigation

During the course of normal operations of the County, various claims and lawsuits arise. The County attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

15-B. Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

NOTE 16. JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility.

River Valley Regional Commission: Under Georgia law, the County, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the River Valley Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2018, the County paid $2,648 in such dues. Membership in Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission's in Georgia. The RDC 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 Com- mission. Separate financial statements may be obtained from: River Valley Regional Commission, P.O. Box 1908, Columbus, Georgia 31902-4908.

Lower Chattahoochee Regional Transit Authority (commonly known as the Pataula Transit Authority). The Authority was created by an act of the Georgia State Legislature in 2012 to provide transportation services, acquire, equip and maintain equipment necessary to maintain all modes of transportation (primarily shuttle vans and buses) for the counties of Stewart, Randolph and Quitman. The Authority is composed of seven members, two of which are appointed by each county and the seventh is appointed by the other six. The counties pay dues based on the most recent census. In 2018, Stewart County contributed $5,445. The most recent financial statements of the Authority may be obtained by contacting the Authority at P. O. Box 1908, Columbus, Georgia 31902.

NOTE 17. RELATED ORGANIZATIONS

An organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government may appoint a voting majority of the organization's governing board.

Stewart County Development Authority. This authority was established by ordinance in 2001. In its current form, it became active in June, 2019 with nine members appointed by the Commission. Its purposes are to develop workforce and economic opportunities in the county and region; to use financial tools that are available to the authority to solicit entrepreneurial investment in the county; and to secure financial resources for marketing communities and incentives to close deals as an integral part of effective economic development efforts.

Stewart County Housing Authority. The Stewart County Housing Authority was established to address the needs of housing for low to moderate income families. The Commission appoints its five members, one of whom must be a resident. However, the County has no further accountability for this organization. In 2018 the County provide $3,529 to its financial support.

The Southwest Georgia Regional Development Authority. Organized with the assistance of the RVRC, the SG-RDA has a similar mission as the Stewart County Development Authority does, except that it has a regional reach, which emphasizes that economic development does not stop at the county border. The Stewart County Commission appoints two members.

The Southwest Georgia Council of Governments. The council of governments was organized with the assistance of the RVRC to provide a forum for the various governments within the counties of Stewart, Clay, Quitman, and Randolph to share information and possibly work for regional solutions. The Commission appoints two members.

Golden Triangle Resource, Conservation, and Development Council. The Council is a 501(c)(3) organization made up of action-oriented volunteers and local leaders who identify problems, develop strategies, and implement beneficial programs and projects in its member county area. The focus on Land Conservation, Water Management, Community Development, and Land Management. The Golden Triangle RC&D Council is committed to natural resource conservation, community development, environmental protection, and cultural and historical preservation. They collaborate with state, federal, and local agencies and organizations to accomplish our mission. The Council currently serves 14 counties in the SW Georgia area that include Baker, Calhoun, Clay, Early, Grady, Decatur, Dougherty, Miller, Mitchell, Randolph, Seminole, Stewart, Terrell and Worth.

NOTE 18. PRIOR PERIOD ADJUSTMENT

An adjustment was made in the EMS Fund to a prior period to correct for the purchase of a capital asset for $12,262 which was erroneously expensed.

SUPPLEMENTARY INFORMATION

STEWART COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Jail Construction and Staffing Fund – This fund accounts for fines restricted by State law for jail operations and construction.

Law Library Fund – This fund accounts for fines restricted by State law for Law Library operations within the County.

Drug Abuse Fund – This fund accounts for fines restricted by State law for drug abuse treatment and educational purposes.

Sheriff's Grant Account – To account for collection of fees for background checks, donations and other revenues which supplement the Sheriff's Department operations.

E-911 fund – To account for the receipt of E-911 charges for telephone service and the disbursement of fees to Early County, Georgia pursuant to the agreement dated June 22, 2016 for Early County to operate an E-911 service for the benefit of the citizens of Stewart County.

Condemnation of Controlled Substances Money – to account for the collection of funds and property seizures by the sheriff's Department.

Park Fund – To hold funds assigned by the Board of Commissioners to maintain or redevelop the county (formally RV) park.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

2013 SPLOST Fund – This fund was established to account for the proceeds of SPLOST tax monies collected and the projects approved for those funds.

STEWART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Special Revenue Funds							Capital Projects Fund	Total
	Parks Fund	Condemnation of Controlled Substances Money	Sheriff's Grant Fund	Jail Construction & Staffing Fund	E-911 Fund	Drug Abuse Education & Treatment Fund	Law Library	2013-2018 Special Purpose Sales Tax Fund	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	$ 10,623	$ 3,119	$ 2,650	$ 4,971	$ 5,717	$ 47,763	$ 66,935	$ 233,530	$ 375,308
Accounts receivable	-	-	-	-	4,131	-	-	-	4,131
Due from other governments	-	-	-	-	-	-	-	31,574	31,574
Total assets	$ 10,623	$ 3,119	$ 2,650	$ 4,971	$ 9,848	$ 47,763	$ 66,935	$ 265,104	$ 411,013
LIABILITIES									
Due to other governments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,050	21,050
Total Liabilities	-	-	-	-	-	-	-	21,050	21,050
FUND BALANCES									
Restricted for:									
Culture and recreation	10,623	-	-	-	-	-	-	-	10,623
Judicial	-	-	-	-	9,848	-	66,935	-	76,783
Public safety	-	3,119	2,650	4,971	-	47,763	-	-	58,503
Capital projects	-	-	-	-	-	-	-	244,054	244,054
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	10,623	3,119	2,650	4,971	9,848	47,763	66,935	244,054	389,963
Total liabilities and fund balances	$ 10,623	$ 3,119	$ 2,650	$ 4,971	$ 9,848	$ 47,763	$ 66,935	$ 265,104	$ 411,013

STEWART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds							Capital Projects Fund	Total
	Parks Fund	Condemnation of Controlled Substances Money	Sheriff's Grant Fund	Jail Construction & Staffing Fund	E-911 Fund	Drug Abuse Education & Treatment Fund	Law Library	2013-2018 Special Purpose Sales Tax Fund	Nonmajor Governmental Funds
Revenues									
Sales Tax	$ -	$ -		$ -	$ -	$ -	$ -	$ 323,159	$ 323,159
Fines and forfeitures	-	-	-	28,121	-	1,949	3,072	-	33,142
Charges for services	-	-	-	-	64,848	-	-	-	64,848
Interest income	-	-	-	-	-	-	-	1,476	1,476
Miscellaneous	-	-	4,807	-	-	-	-	-	4,807
Total revenues	-	-	4,807	28,121	64,848	1,949	3,072	324,635	427,432
Expenditures									
Current									
Judicial	-	-	-	-	-	-	2,641	-	2,641
Public safety	-	2,526	2,157	31,470	146,672	-	-	1,386	184,211
Intergovernmental support	-	-	-	-	-	-	-	215,232	215,232
Capital outlay									
Public safety	-	-	-	-	13,384	-	-	33,184	46,568
Public works	-	-	-	-	-	-	-	-	-
Total expenditures	-	2,526	2,157	31,470	160,056	-	2,641	249,802	448,652
Excess (deficiency) of revenues over (under) expenditures	-	(2,526)	2,650	(3,349)	(95,208)	1,949	431	74,833	(21,220)
Other financing sources (uses)									
Transfer in from General Fund	-	-	-	-	98,400	-	-	-	98,400
Total other financing sources (uses)	-	-	-	-	98,400	-	-	-	98,400
Net change in fund balances	-	(2,526)	2,650	(3,349)	3,192	1,949	431	74,833	77,180
Fund balances, beginning of year	10,623	5,645	-	8,320	6,656	45,814	66,504	169,221	312,783
Fund balances, end of year	$ 10,623	$ 3,119	$ 2,650	$ 4,971	$ 9,848	$ 47,763	$ 66,935	$ 244,054	$ 389,963

STEWART COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH 2013 - 2018 SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2018

PROJECT	ORIGINAL ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL
Special Local Option Sales Tax 2013				
EMS and Fire equipment and capital improvements	$ 175,000	$ 191,372	$ 1,386	$ 192,758
Ambulance	130,000	-	-	-
Courthouse restoration	125,000	-	-	-
Roads, streets and bridges	175,000	85,724	-	85,724
Road maintenance equipment	200,000	-	-	-
Jail renovation	275,000	-	-	-
E-911 equipment	250,000	-	33,184	33,184
Water system improvements	100,000	50,000	-	50,000
Distributions to cities				
Richland	600,000	485,566	107,616	593,182
Lumpkin	600,000	485,566	107,616	593,182
Total	$ 2,630,000	$ 1,298,228	$ 249,802	$ 1,548,030

Note 1: There have been no changes in original estimated costs.

STEWART COUNTY, GEORGIA
AGENCY FUNDS

Tax Commissioner - To account for the collection and payment to Stewart County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Stewart County and other taxing units.

Clerk of Superior Court - To account for all monies received by the Clerk of Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff's Office - To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court - To account for the collection of fees for firearms licenses, certificates, marriage licenses, passports, etc., which are disbursed to other parties.

Magistrate Court - To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.

STEWART COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
December 31, 2018

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash and cash equivalents	$ 19,500	$ 94,777	$ 9,043	$ 5	$ 15,640	$ 138,965
Uncollected taxes	1,551,214	-	-	-	-	1,551,214
Total Assets	$ 1,570,714	$ 94,777	$ 9,043	$ 5	$ 15,640	$ 1,690,179
LIABILITIES						
Due to others	$ 19,500	$ 4,343	$ 9,043	$ 5	$ 15,640	$ 48,531
Due to others - escrow	$0.00	90,434	-	-	-	90,434
Uncollected taxes due governments	1,551,214		-	-	-	1,551,214
Total Liabilities	$ 1,570,714	$ 94,777	$ 9,043	$ 5	$ 15,640	$ 1,690,179

STEWART COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2018

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
TAX COMMISSIONER				
ASSETS:				
Cash and cash equivalents	$ 17,717	$ 6,217,490	$ 6,215,707	$ 19,500
Uncollected taxes	1,503,341	4,243,149	4,195,276	1,551,214
Other assets	358		358	-
Total Assets	$ 1,521,416	$ 10,460,639	$ 10,411,341	$ 1,570,714
LIABILITIES:				
Funds held for others	$ 18,075	$ 6,217,490	$ 6,216,065	$ 19,500
Uncollected taxes due governments	1,503,341	4,243,149	4,195,276	1,551,214
Total Liabilities	$ 1,521,416	$ 10,460,639	$ 10,411,341	$ 1,570,714
CLERK OF SUPERIOR COURT				
ASSETS:				
Cash and cash equivalents	$ 12,636	$ 158,769	$ 76,628	$ 94,777
Total Assets	$ 12,636	$ 158,769	$ 76,628	$ 94,777
LIABILITIES:				
Funds held for others	$ 3,114	$ 77,406	$ 76,177	$ 4,343
Due to others - escrow	9,522	81,363	451	90,434
Total Liabilities	$ 12,636	$ 158,769	$ 76,628	$ 94,777
SHERIFF				
ASSETS:				
Cash and cash equivalents	$ 12,700	$ 20,009	$ 23,666	$ 9,043
Total Assets	$ 12,700	$ 20,009	$ 23,666	$ 9,043
LIABILITIES:				
Funds held for others	$ 12,700	$ 20,009	$ 23,666	$ 9,043
Total Liabilities	$ 12,700	$ 20,009	$ 23,666	$ 9,043

(Continued)

STEWART COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2018

(Continued)

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
PROBATE JUDGE				
ASSETS:				
Cash and cash equivalents	$ 5	$ 225,010	$ 225,010	$ 5
Total Assets	$ 5	$ 225,010	$ 225,010	$ 5
LIABILITIES:				
Funds held for others	$ 5	$ 225,010	$ 225,010	$ 5
Total Liabilities	$ 5	$ 225,010	$ 225,010	$ 5
MAGISTRATE COURT				
ASSETS:				
Cash and cash equivalents	$ 15,341	$ 24,081	$ 23,782	$ 15,640
Total Assets	$ 15,341	$ 24,081	$ 23,782	$ 15,640
LIABILITIES:				
Funds held for others	$ 15,341	$ 24,081	$ 23,782	$ 15,640
Total Liabilities	$ 15,341	$ 24,081	$ 23,782	$ 15,640
TOTAL				
ASSETS				
Cash and cash equivalents	$ 58,399	$ 6,645,359	$ 6,564,793	$ 138,965
Uncollected taxes	1,503,341	4,243,149	4,195,276	1,551,214
Other assets	358	-	358	-
Total Assets	$ 1,562,098	$ 10,888,508	$ 10,760,427	$ 1,690,179
LIABILITIES				
Funds held for others	49,235	6,563,996	6,564,700	48,531
Due to others - escrow	9,522	81,363	451	90,434
Uncollected taxes due governments	1,503,341	4,243,149	4,195,276	1,551,214
Total Liabilities	$ 1,562,098	$ 10,888,508	$ 10,760,427	$ 1,690,179

COMPLIANCE SECTION

CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

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 Stewart County, Georgia
Lumpkin, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements, and have issued our report thereon dated December 3, 2019. Our report includes a reference to other auditors who audited the financial statements of the Stewart County Department of Public Health, as described in our report on Stewart 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 Stewart County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stewart County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Stewart County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-011).

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. (2018-008, 2018-009).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stewart County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items. (2018-003, 2018-004, 2018-007, 2018-010, 2018-011).

Stewart County's Response to Findings

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

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chamblin Sheppard Roland and Associates LLP

Americus, Georgia
December 3, 2019

STEWART COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2018

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal control over financial reporting material weaknesses identified	_X_ Yes ___ No
Significant Deficiencies Identified not considered to be material weaknesses	_X_ Yes ___ No
Noncompliance material to financial statements noted	_X_ Yes ___ No

Federal Awards
There was not an audit of federal award programs as of December 31, 2018, due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001 Segregation of Duties - Agency Funds

Criteria: Internal control should be in place to assure that funds and assets cannot be misappropriated and go undetected during the normal course of business.

Condition: There is not sufficient segregation of duties in the offices of the Superior Court Clerk, Magistrate Court, and Sheriff related to accounting functions.

Context: We noted the above conditions during performance of audit procedures including: internal control walkthroughs, inquiry and observation, and the completion of audit workpapers.

Effect: Because of lack of segregation of duties between operating, recording and custodial functions, including reconciliation of accounts, County assets and resources are susceptible to waste, fraud and inefficiency.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties.

Recommendation: The County Commission Chairman and the elected officials should develop procedures where he or another independent person reviews monthly bank reconciliations and other accounting reports.

Management's Comments: We concur with the finding. The County Manager oversees the day-to-day operations and is aware of the risks associated with this finding. There are no further plans to add additional accounting staff.

2018-002 Incomplete Bank Reconciliations

Criteria: An essential element of the accounting function is reconciliations of cash balances in the bank accounts to the cash reported on the financial statements.

Condition: Bank reconciliations for the General Fund was incomplete.

Effect: Initially we were given a general ledger without beginning balances for both the General Fund and the EMS Fund. After posting the beginning balances the General Fund Operating Cash reported a balance of $899,423.30; and the Payroll Cash account reported an overdraft of $220,465.20. Actual balances in those two accounts were $444,379.25 and $20,568.63, respectively. The EMS fund reported an overdraft of $10,129.61; the correct balance was an overdraft of $14,717.12. Additionally, reconciliations for the following General Fund cash accounts had not been prepared: NOW Account, Insurance Premium Tax Account, Codification Account, SPLOST Fire Account, Money Market Account, and Savings Accounts.

Cause: Month-end reconciliation procedures are not in place to ensure that all transactions affecting cash are recorded.

Recommendation: The County Manager should provide training for the accounting staff., and he should review the bank reconciliations for all accounts each month.

Management's Response: We concur with the finding. The County has retained the services of an accounting consultant. She has made approximately 268 entries to correct errors or omissions in the Operating and Payroll accounts, and 26 entries in the EMS account. She is assisting in training our accounting staff including developing proper policies and procedures. The County Manager will more closely supervise the accounting staff and review bank reconciliations and financial reports on a regular basis.

2018-003 Incomplete Budget for the General Fund

Criteria: Georgia law (O.C.G.A. 36-81-3b) requires an annual balanced budget for the general fund and each special revenue fund and each debt service fund.

Condition: The County General Fund budget included appropriations only and omitted revenues. This could result in setting an inadequate millage rate and property tax assessments being either too high or too low.

Cause: Lack of understanding of requirements for adoption of balanced budget.

Recommendation: The General Fund budget should include appropriations and a means of financing them.

Management's Response: We concur with the finding. We will develop budgets that include revenues.

2018-004 Failure to Adopt Budgets for the Special Revenue Fund.

Criteria: Georgia law (O.C.G.A. 36-81-3b) requires an annual balanced budget for the general fund and each special revenue fund and each debt service fund.

2018-004 Failure to Adopt Budgets for the Special Revenue Fund (continued).

Condition: The did not adopt annual budgets for the following Special Revenue Funds:

Law Library
Sheriff's Grant Fund
Sheriff's Condemnation of Controlled Substances Account
Jail Construction and Staffing
Drug Abuse Treatment and Education Fund
Park Fund
E-911 Fund
TSLOST Fund

Effect: Unbudgeted expenditures were as follows:

Law Library	$ 2,641
Sheriff's Grant	2,157
Sheriff's Condemnation of Controlled Substances Fund	2,526
Jail Construction and Staffing	31,470
E-911 Fund	160,056
TIA	420,344

Cause: Lack of understanding of requirements for budgeting special revenue funds.

Recommendation: Each special revenue fund should have its own separate budget which would be part of the budgeting process. Budget for the EMS Fund budget should be approved for use in managing operations only and not required by state law.

Management's Response: We concur with the finding. We will include special revenue fund budgets in our annual budget process and make amendments when necessary.

2018-005 Excess Funds in Accounts of Magistrate Court and Sheriff's Office

Criteria: The Magistrate Court and the Sheriff's Office collect funds for the County, State, School and others. Funds should be paid out promptly in the following month. There are no provisions for these entities to hold funds.

Condition: Monies are on deposit in the Magistrate Court, and the Sheriff's Office General account that does not have adequate documentation of source or purpose. The Magistrate's receipts journal was incomplete and disbursement were not reconciled to receipts.

Effect: At December 31, 2018, the Magistrate Court account held a total of $15,640.23; the Sheriff's Office account held excess cash of $9,043.18.

Cause: Month-end reconciliation procedures are not in place to balance receipts and disbursements.

Recommendation: These elected officials should take immediate action to disburse those funds and develop procedures to ensure that funds collected are promptly disbursed or held in accordance with direct order.

Management's Response: We concur with the finding. The County Manager will work with the elected officials to clear the undocumented funds.

2018-006 Financial Statement Presentation

Criteria: Generally accepted government accounting principles require Governmental Funds financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Condition: The County does not have adequate accounting procedures to ensure that revenues and expenditures/expenses are recorded and properly classified when a receivable, a liability is incurred, or capital lease purchases. Transactions for the following General Fund cash accounts had not been recorded in the general ledger: NOW Account, Insurance Premium Tax Account, Codification Account, SPLOST Fire Account, Money Market Account, and Savings Accounts.

Effect: The County's year-end financial reports contained material errors due to omissions of transactions in the other accounts listed above. These errors and omissions could lead management to make poor financial decisions. Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

General Fund: Assets were increased $92,233; liabilities and deferred inflows of resources were increased $111,689; revenue was increased $358,220; expenditures was increased $246,599; and transfers out was increased $131,077.

E-911 Fund: Assets and revenue increased $2,721.

EMS Fund: Assets were increased $522,640 (primarily due to the acquisition of vehicles and equipment); liabilities were increased $186,172 (primarily to record capital leases); revenue was increased $32,535 (to adjust accounts receivable); expenses (including depreciation) were decreased $31,684; non-operating revenues increased by $83,652; non-operating expenses increased by $16,966; and transfers in were increased $11,077.

TSPLOST Fund: Assets and revenues were increased by $3,302, due to sales tax accrual; liabilities and expenditures increased by $1,373

SPLOST 2013: Assets and revenue increased $5,433; liabilities and expenditures increased $33,622.

Cause: Financial statement preparation is generally based on the cash basis of accounting. Revenues and expenditures for the above listed special accounts were not recorded. Procedures have not been developed to make accruals at month-end and year-end.

Recommendation: The County should develop procedures to ensure that revenues are recognized as soon as they are both measurable and available – collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures/expenses should be recorded or accrued when a liability is incurred. Capital assets acquired with capital leases should be recorded when the transaction is complete. Transactions accounted for in the special bank accounts should be recorded.

Response of Management: Management concurs with the finding. We will develop procedures to record revenues and expenditures in our special accounts and we will strive to record revenues and expenditures in accordance with GAAP.

2018-007 Expenditures in Excess of the Budget

Criteria: State law requires the Stewart County adopt an annual balanced budget, and follow procedures that limit expenditures exceeding the budget at the Department level.

Condition: Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of County resources.

Context: Minutes of the Stewart County Board of Commissioners record that financial reports are submitted, presented or otherwise distributed to the Commissioners.

Effect: Expenditures in excess of appropriations were reported in the following:

General Fund:	
Sheriff's Department	$ 86,110
Emergency Management	1,817
Fire Department	20,257
Road Department	21,520
Solid waste collection	188,802
Culture and Recreation	1,889
Housing and Development	15,904
General government – other	13,428
Juvenile court	6,817
Indigent defense	5,192
Transfers out	469,676

Cause: Budget did not include cost of road work using LMIG. Budgets for other departments were not amended. Transfer out was made to supplement the EMS Fund. The county did not record all transactions.

Recommendation: The budget should be amended as often as necessary to provide for source of funds for unbudgeted expenditures.

Management's Response: We concur with the finding. Procedures will be implemented to insure that all transactions are recorded. The County Manager will propose budget amendments as necessary.

2018-008 Purchasing and Procurement

Criteria: Purchases made without sufficient documentation.

Condition: The County's purchasing policies require issuing a purchase order prior to the purchase of certain items

Effect: In our test of disbursements we noted several expenditures which should have been made pursuant to a purchase order, however, the documentation did not include the file copy of the purchase order. There were several instances, particularly in the TSPLOST account, where disbursements were made based on vendor statements without supporting invoice. Some of these resulted in duplicate payments for which the vendor made refund.

Cause: Failure to adhere to the purchasing policy.

Recommendation: Disbursements should be verified to ensure that purchase orders are attached to the supporting documentation and if payments are made from vendor statements that those statements include related invoices.

2018-008 Purchasing and Procurement (continued)

Management's Response: We concur with the finding. We will improve our purchasing policies to include assurance that purchase orders are attached and verified against supporting invoices prior to payment.

2018-009 Inadequate Collateral for Public Funds on Deposit in Financial Institution

Criteria: State law O.C.G.A §36-83-5; §45-8-12; §50-17-59.requires local governments to require pledges of collateral from depository institutions.

Condition: The County's financial institution obtained a $2,000,000 irrevocable line of credit dated January 16, 2018from the FHLBank of Atlanta in favor of the Stewart County Board of Commissioners.

Effect: Our analysis of the County's funds on deposit at the Credit Union was $325,358 in excess of the line of credit amount.

Cause: Failure to require the credit union to obtain sufficient collateral.

Recommendation: Disbursements should be verified to insure that purchase orders are attached to the supporting documentation and if payments are made from vendor statements that those statements include related invoices.

Management's Response: We concur with the finding. We will carefully monitor our depositor balances and ensure that the credit union maintains sufficient collateral. On January 3, 2019, the credit union provided us with a irrevocable letter of credit in the amount of $3,500,000.

2018-010 Employment Verification and Immigration Compliance

Criteria: For each new employee the County is required to obtain and keep on file a Form I-9, signed by both the employee and employer certifying. Also, the employer must use E-Verify to confirm employment eligibility for all new hires. Furthermore, a public employer cannot enter into a contract for the ***physical performance of services*** unless the contractor registers and participates in the Federal Work Authorization Program.

Condition: The County did not maintain records of Form I-9 for all covered employees. The County did not have E-Verify certifications on file for all new hires.

Effect: Violation of federal law and State O.C.G.A.§13-10-91.

Cause: Department heads and elected officials failure to comply.

Recommendation: Form I-9 and E-Verify should be on file for all newly hired employees and for all contractors were the labor or services exceed $2,499.99. Personnel files should be reviewed regularly to ensure that personal information including employment application and date of hire are on file. State law also requires filing of affidavits and annual reports. Complete information about your obligations can be obtained from the Georgia Department of Audits and Accounts. immhelp@audits.ga.gov

Management's Response: We concur with the finding. We will obtain and keep on file Form I-9 and E-Verify for all newly hired employees and applicable contractors.

. 2018-011 Compensated Absences

Criteria: The county personnel policy provides for annual leave and sick leave. Generally accepted accounting principles require accrual for compensated absences.

Condition: The County did not maintain records of accrued unused annual leave, nor did it prepare an accrual for the liability. The County did maintain records of unused sick leave.

Effect: Violation of county personnel policy. Employees could be misinformed about the amount of annual leave they had available. Employees could overuse their allowed annual leave.

Cause: The county had misinterpreted the personnel policy.

Recommendation: Records of annual leave should be made and updated regularly and amounts reported to employees at least monthly.

Management's Response: We concur with the finding. We will prepare and maintain records of annual leave and report the amounts to employees in accordance with our personnel policy. We are in the process of updating our personnel policy.

STEWART COUNTY, GEORGIA

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2018

2017-001 Expenditures in Excess of the Budget

Criteria: The legal level of budgetary control requires that expenditures not exceed budget amounts for departments.

Condition: Stewart County, Georgia's expenditures exceeded the budgeted amounts for some departments during the fiscal year ended December 31, 2017.

Auditee Response/ Status: Unresolved. See 2018-007.