

STEPHENS COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Stephens County, Georgia**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Stephens County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stephens County Department of Public Health or the Stephens County Development Authority, which statements reflect total assets of \$616,006 and \$5,647,414, respectively, as of June 30, 2015, and total revenues of \$715,552 and \$225,074, respectively, for the year ended June 30, 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stephens County Department of Public Health and the Stephens County Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stephens County, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the E911 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 10, the Stephens County Department of Public Health and the Toccoa-Stephens County Public Library implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the Stephens County Department of Public Health and the Toccoa-Stephens County Public Library net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions for the Stephens County Department of Public Health (on pages 58 and 59) and the Toccoa-Stephens County Public Library (on pages 60 and 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of Stephens County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephens County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 10, 2015

STEPHENS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

This section of Stephens County, Georgia's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of Stephens County exceeded its liabilities at June 30, 2015, by approximately \$63.34 million (net position). Of this amount, \$1.79 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At fiscal year-end June 30, 2015, the County's General Fund reported a total fund balance of \$8,839,105.

Overview of the Financial Statements

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$63,346,433 at the close of the most recent fiscal year.

A large portion of the County's net position, 85%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Stephens County's Net Position <i>(in millions of dollars)</i>							
	Governmental Activities		Business-type Activities		Total		Percentage Change
	2014	2015	2014	2015	2014	2015	2014 -2015
Current and other assets	\$ 11.79	\$ 18.40	\$ -	\$ -	\$ 11.79	\$ 18.40	56.06 %
Capital assets	56.81	57.48	0.53	0.54	57.34	58.02	1.19
Total assets	68.60	75.88	0.53	0.54	69.13	76.42	10.55
Long-term liabilities outstanding	2.57	7.97	0.03	0.02	2.60	7.99	207.31
Other liabilities	1.63	2.30	2.75	2.79	4.38	5.09	16.21
Total liabilities	4.20	10.27	2.78	2.81	6.98	13.08	87.39
Net position:							
Net investment in capital assets	53.66	53.44	0.53	0.54	54.19	53.98	(0.39)
Restricted for							
Capital Projects/E911	3.27	7.57	-	-	3.27	7.57	131.50
Unrestricted	7.47	4.60	(2.78)	(2.81)	4.69	1.79	(61.83)
Total net position	\$ 64.40	\$ 65.61	\$ (2.25)	\$ (2.27)	\$ 62.15	\$ 63.34	1.91

Unrestricted net position of \$1.79 million may be used to meet the government's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

	Governmental Government Activities		Business-type Activities		Total Activities		Percentage Change
Revenues	2014	2015	2014	2015	2014	2015	2014-2015
Program revenues:							
Charges for services	\$ 2.53	\$ 2.61	\$ 0.02	\$ 0.02	\$ 2.55	\$ 2.63	3.25 %
Operating grants and contributions	0.21	0.32	-	-	0.21	0.32	52.38
Capital grants and contributions	0.37	1.31	-	-	0.37	1.31	254.05
General revenues:							
Property taxes	7.26	8.38	-	-	7.26	8.38	15.43
Other taxes	4.59	6.40	-	-	4.59	6.40	39.43
Investment income	-	0.01	-	-	-	0.01	-
Gain on sale of capital assets	0.02	0.03	-	-	0.02	0.03	-
Total revenues	<u>14.98</u>	<u>19.06</u>	<u>0.02</u>	<u>0.02</u>	<u>15.00</u>	<u>19.08</u>	27.17
Expenses							
General government	2.39	3.58	-	-	2.39	3.58	49.79
Judicial	1.36	1.40	-	-	1.36	1.40	2.94
Public safety	5.36	3.20	-	-	5.36	3.20	(40.30)
Public works	3.70	6.31	-	-	3.70	6.31	70.54
Health and welfare	1.65	1.64	-	-	1.65	1.64	(0.61)
Recreation	0.78	0.80	-	-	0.78	0.80	2.56
Housing & development	0.33	0.35	-	-	0.33	0.35	6.06
Interest on long-term debt	0.12	0.21	-	-	0.12	0.21	75.00
Solid waste	-	-	0.65	0.40	0.65	0.40	(38.46)
Total expenses	<u>15.69</u>	<u>17.49</u>	<u>0.65</u>	<u>0.40</u>	<u>16.34</u>	<u>17.89</u>	9.47
Transfers	<u>(0.58)</u>	<u>(0.36)</u>	<u>0.58</u>	<u>0.36</u>	<u>-</u>	<u>-</u>	
Change in net position	(1.29)	1.21	(0.05)	(0.02)	(1.34)	1.19	188.73
Net position, beginning of year	65.69	64.40	(2.20)	(2.25)	63.49	62.15	(2.11)
Net position, end of year	<u>\$ 64.40</u>	<u>\$ 65.61</u>	<u>\$ (2.25)</u>	<u>\$ (2.27)</u>	<u>\$ 62.15</u>	<u>\$ 63.34</u>	1.91

MANAGEMENT'S DISCUSSION AND ANALYSIS

The changes in net position between fiscal years 2014 and 2015 were affected by the following:

- Net change in total revenues is an increase of 27.17%.
- Operating grants and contributions is an increase of 52.38% from Prisoner Upkeep Reimbursement (\$30,117), Victim Assistance Program (\$6,465), GEMA reimbursement of winter event (\$55,797.00), and DATE fund grant (\$19,304).
- Capital grants and contributions is an increase of 254.05% mainly due to Hammerstone Road contributed from the Development Authority in the amount of \$941,844
- Property tax increase of 15.43% due to millage rate increase from 11.32 to 13.66 mills.
- Other tax increase of 39.43% mainly due to increases in the Insurance Premium Tax (\$44,977), LOST (\$113,481), and SPLOST (\$1,657,263).
- Net change in total expenses is an increase of 9.47%.
- General government expense is an increase of 49.79% due to entity wide recording of intergovernmental SPLOST transactions and capital outlay.
- Public safety expenses is a decrease of 40.30% mainly due to new E911 equipment additions moved to the balance sheet at the entity wide level.
- Public Works is an increase of 70.54% due to increases in capital outlay and SPLOST spending.
- Interest on long term debt increased 75% due to new equipment for the E911 center \$16,253 and issuance cost for bonds for road work in the amount of \$74,250.

Business-type activities.

- The Stephens County Solid Waste Management Fund has continued to produce an operating loss with this fiscal year of \$384,810 before interest and transfers from the General Fund. While this fund operates with a deficit each year, it decreased from last year due to contractual services for closure of the landfill, attrition of two employee positions not filled, and inmate litter crew not resuming operations until April of FY 2015.
- A transfer of funds was made from the General Fund back to the Solid Waste Fund in the amount of \$358,777 due to the closure costs and operational needs of the landfill.

Financial Analysis of the Government's Funds

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

General Fund

The General Fund is the chief operating fund of Stephens County. At the end of the current fiscal year, non-spendable fund balance was \$6,989 for prepaid items, assigned fund balance of the General Fund was \$2,785,557 for landfill postclosure care costs, \$696,357 for capital improvements for the E911 center, \$4,324,637 for FY 2016 budget and unassigned was \$1,025,565, while the total fund balance was \$8,839,105.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund (Continued)

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents .06% of total general fund expenditures, assigned fund balance represents 65.82%, unassigned fund balance represents 8.65%, while total fund balance represents 74.52% of that same amount.

SPLOST 2009 and 2014

SPLOST (Special purpose local option sales tax) Referendum passed on November 6, 2007 and November 5, 2013, respectively. Proceeds of \$16,380,000 (2009) and \$21,274,423 (2014) will fund multiple capital projects started in 2008 and 2015, respectively. At the end of the current fiscal year, combined SPLOST expenditures were \$5.02 million and revenues were \$3.31 million, leaving a fund balance of \$7.04 million. Project spending for SPLOST 2004 was completed last fiscal year while SPLOST 2008 is in its sixth and final year and SPLOST 2014 is in its first of six years. Sales tax revenues were for SPLOST 2014.

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

Solid Waste Management

At the end of the current fiscal year, unrestricted net position for the Solid Waste Management fund was \$(2,267,173) as this fund operates with a deficit each year requiring transfers from the General Fund.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets. Stephens County's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$57,478,259 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings, machinery and equipment, and infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Stephens County's Capital Assets (net of depreciation)

	Governmental Activities		Percentage Change
	2014	2015	2014-2015
Land	\$ 1,122,103	\$ 1,131,406	0.83 %
Buildings and improvements	20,298,560	19,806,859	(2.42)
Machinery and equipment	2,916,817	4,587,990	57.29
Infrastructure	32,471,854	31,952,004	(1.60)
Total	<u>\$ 56,809,334</u>	<u>\$ 57,478,259</u>	1.18

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

Long-term Debt. Stephens County's long-term debt for the year ended June 30, 2015, is summarized below.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General obligation bonds	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
Capital leases	433,808	332,073	(435,360)	330,521
Note payable	2,834,339	1,371,447	(492,633)	3,713,153
Compensated absences	176,170	123,002	(122,130)	177,042
Total	<u>\$ 3,444,317</u>	<u>\$ 6,326,522</u>	<u>\$ (1,050,123)</u>	<u>\$ 8,720,716</u>
Business-type Activities:				
Compensated absences	\$ 6,091	\$ 1,229	\$ (5,597)	\$ 1,723
Landfill post-closure	2,744,391	41,166	-	2,785,557
	<u>\$ 2,750,482</u>	<u>\$ 42,395</u>	<u>\$ (5,597)</u>	<u>\$ 2,787,280</u>

Capital leases represent a five-year lease for three pieces of major equipment for the Road Department, seven fire trucks with a five-year lease for the volunteer fire departments, and one ambulance with a five-year lease for emergency medical services.

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

Engineering and postclosure costs associated with the closing of the Stephens County landfill are estimated to be approximately \$2,785,557 over a 30-year period and are recorded as a long-term liability of the Solid Waste Management Fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets

- The millage rate has been decreased from 13.66 to 13.41 with a projected decline in the digest of .90% from prior year.
- Elimination of property homestead credit grant from the state with no local recovery.
- Sales tax to remain stable until a quarter of data is received against HB170.
- Top three General Fund revenue sources make up 82.30% of the total general fund operating revenues.
- No major new revenue sources.
- New revenue source from FEMA/GEMA expected at \$70,000.00 from February 2015 winter event.
- New revenue source of \$8,340 from election qualifying fees.
- Total operating revenues are down 3.44%.
- No use of prior year fund balance for the General Fund.
- No growth in Solid Waste revenues.
- No growth in E911 fees.
- Additional transfers of \$54,246 needed to fund new E911 equipment shortfall from SPLOST VI.
- SPLOST VI began in FY 2015. Collections will span a six-year period.
- SPLOST VI proceeds are expected for forward funding of E911 equipment and Roads.
- Employee salaries and benefits will continue to be an area of discussion for cost reductions causing an issue in employee retention.
- 2% COLA issued to employees.
- Registrar combined into Probate Court office.
- Decrease in District Attorney's office from moving the PAC employee onto county payroll.
- Outsourced Building Inspection which is more cost effective than in-house.
- Contingencies at \$427,753 which is historically at \$250,000.
- Fuel increase of 6% from HB170.
- Increasing costs to vendors for operations.
- Continued litigation against Wilbros.

These items were taken into account when adopting the General Fund budget for 2016.

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

As for the County's business-type activities, we expect that the 2016 results will have significant changes in the operation as C&D closure will be complete at the County landfill.

Requests for Information

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 17,401,793	\$ 73,717	\$ 17,475,510
Investments	-	-	-
Taxes receivable	50,707	-	50,707
Accounts receivable, net of allowances	208,333	2,872	211,205
Interest receivable	-	-	-
Due from other governments	653,627	-	653,627
Internal balances	73,716	(73,716)	-
Prepaid items	6,989	-	6,989
Land held for resale	-	-	-
Capital assets, non-depreciable	1,131,406	504,942	1,636,348
Capital assets, depreciable, net of accumulated depreciation	56,346,853	36,214	56,383,067
Total assets	75,873,424	544,029	76,417,453
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	-	-	-
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable	1,115,571	23,922	1,139,493
Accrued liabilities	176,976	-	176,976
Due to other governments	246,555	-	246,555
Note payable due within one year	606,201	-	606,201
Note payable due in more than one year	3,106,952	-	3,106,952
Capital leases due within one year	18,954	-	18,954
Capital leases due in more than one year	311,567	-	311,567
General obligation bonds due in more than one year	4,500,000	-	4,500,000
Compensated absences due within one year	126,739	1,233	127,972
Compensated absences due in more than one year	50,303	490	50,793
Net pension liability	-	-	-
Accrued closure/postclosure care costs due in more than one year	-	2,785,557	2,785,557
Total liabilities	10,259,818	2,811,202	13,071,020
DEFERRED INFLOWS OF RESOURCES			
Pension related	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	53,434,585	541,156	53,975,741
Restricted for:			
Capital improvements	7,038,134	-	7,038,134
Judicial programs	423,331	-	423,331
Public safety	113,452	-	113,452
Other purposes	-	-	-
Unrestricted	4,604,104	(2,808,329)	1,795,775
Total net position	\$ 65,613,606	\$ (2,267,173)	\$ 63,346,433

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

Component Units		
Health Department	Library	Development Authority
\$ 565,891	\$ 152,176	\$ 1,537,412
-	331,106	-
-	-	-
50,115	-	-
-	3,862	-
-	-	-
-	-	-
-	3,496	-
-	-	964,642
-	4,100	3,102,477
-	-	-
-	408,991	42,883
616,006	903,731	5,647,414
56,595	18,341	-
56,595	18,341	-
24,611	1,858	14,471
-	7,349	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
28,976	-	-
16,299	-	-
390,064	169,463	-
-	-	-
459,950	178,670	14,471
101,534	73,314	-
101,534	73,314	-
-	413,091	3,145,360
-	-	828,276
-	-	-
-	-	-
101	10,724	394,401
111,016	246,273	1,264,906
\$ 111,117	\$ 670,088	\$ 5,632,943

STEPHENS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,584,891	\$ 1,362,767	\$ 138,482	\$ -
Judicial	1,404,562	359,179	122,416	-
Public safety	3,195,496	797,116	57,949	21,835
Public works	6,310,465	-	-	1,292,927
Health and welfare	1,639,847	19,403	-	-
Recreation	800,655	81,526	-	-
Housing and development	349,190	-	-	-
Interest on long-term debt	211,577	-	-	-
Total governmental activities	<u>17,496,683</u>	<u>2,619,991</u>	<u>318,847</u>	<u>1,314,762</u>
Business-type activities:				
Solid waste management	401,040	16,230	-	-
Total business-type activities	<u>401,040</u>	<u>16,230</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,897,723</u>	<u>\$ 2,636,221</u>	<u>\$ 318,847</u>	<u>\$ 1,314,762</u>
Component unit:				
Health Department	\$ 671,253	\$ 246,214	\$ 427,121	\$ -
Library	310,204	18,241	-	-
Development Authority	1,994,191	4,142	-	245,848
Total component unit	<u>\$ 2,975,648</u>	<u>\$ 268,597</u>	<u>\$ 427,121</u>	<u>\$ 245,848</u>
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit), beginning of year, as restated				
Net position (deficit), end of year				

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

Net (Expense) Revenue and Changes in Net Position					
Governmental Activities	Business-type Activities	Total	Component Units		
			Health Department	Library	Development Authority
\$ (2,083,642)	\$ -	\$ (2,083,642)	\$ -	\$ -	\$ -
(922,967)	-	(922,967)	-	-	-
(2,318,596)	-	(2,318,596)	-	-	-
(5,017,538)	-	(5,017,538)	-	-	-
(1,620,444)	-	(1,620,444)	-	-	-
(719,129)	-	(719,129)	-	-	-
(349,190)	-	(349,190)	-	-	-
(211,577)	-	(211,577)	-	-	-
<u>(13,243,083)</u>	<u>-</u>	<u>(13,243,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(384,810)	(384,810)	-	-	-
-	(384,810)	(384,810)	-	-	-
<u>\$ (13,243,083)</u>	<u>\$ (384,810)</u>	<u>\$ (13,627,893)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 2,082	\$ -	\$ -
-	-	-	-	(291,963)	-
-	-	-	-	-	(1,744,201)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,082</u>	<u>\$ (291,963)</u>	<u>\$ (1,744,201)</u>
8,381,314	-	8,381,314	-	-	-
5,392,132	-	5,392,132	-	-	-
1,009,391	-	1,009,391	-	-	-
-	-	-	-	267,000	220,000
7,338	3	7,341	-	4,953	932
31,212	-	31,212	-	-	76,527
-	-	-	42,217	11,514	-
(358,777)	358,777	-	-	-	-
<u>14,462,610</u>	<u>358,780</u>	<u>14,821,390</u>	<u>42,217</u>	<u>283,467</u>	<u>297,459</u>
<u>1,219,527</u>	<u>(26,030)</u>	<u>1,193,497</u>	<u>44,299</u>	<u>(8,496)</u>	<u>(1,446,742)</u>
64,394,079	(2,241,143)	62,152,936	66,818	678,584	7,079,685
<u>\$ 65,613,606</u>	<u>\$ (2,267,173)</u>	<u>\$ 63,346,433</u>	<u>\$ 111,117</u>	<u>\$ 670,088</u>	<u>\$ 5,632,943</u>

STEPHENS COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015

ASSETS	General	SPLOST	E911	Other Governmental Funds	Total
Cash and cash equivalents	\$ 7,730,077	\$ 7,619,599	\$ 1,504,278	\$ 547,839	\$ 17,401,793
Taxes receivable	41,540	-	-	9,167	50,707
Accounts receivable	93,881	-	82,828	31,624	208,333
Due from other governments	356,265	288,386	-	8,976	653,627
Due from other funds	2,095,475	-	-	357,479	2,452,954
Prepaid items	6,989	-	-	-	6,989
Total assets	<u>\$ 10,324,227</u>	<u>\$ 7,907,985</u>	<u>\$ 1,587,106</u>	<u>\$ 955,085</u>	<u>\$ 20,774,403</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 929,811	\$ 151,850	\$ 28,197	\$ 5,713	\$ 1,115,571
Accrued liabilities	168,363	-	-	-	168,363
Due to other funds	357,479	471,446	1,507,687	42,626	2,379,238
Due to other governments	-	246,555	-	-	246,555
Total liabilities	<u>1,455,653</u>	<u>869,851</u>	<u>1,535,884</u>	<u>48,339</u>	<u>3,909,727</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	29,469	-	-	-	29,469
Total deferred inflows of resources	<u>29,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,469</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	6,989	-	-	-	6,989
Restricted for:					
Judicial programs	-	-	-	423,331	423,331
Public safety	-	-	51,222	62,230	113,452
Capital improvements	-	7,038,134	-	334,340	7,372,474
Assigned for:					
Landfill postclosure care costs	2,785,557	-	-	-	2,785,557
Jail commissary activities	-	-	-	2,110	2,110
Capital improvements	696,357	-	-	84,735	781,092
Subsequent year's budget	4,324,637	-	-	-	4,324,637
Unassigned	<u>1,025,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,565</u>
Total fund balances	<u>8,839,105</u>	<u>7,038,134</u>	<u>51,222</u>	<u>906,746</u>	<u>16,835,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,324,227</u>	<u>\$ 7,907,985</u>	<u>\$ 1,587,106</u>	<u>\$ 955,085</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					57,478,259
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					29,469
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(8,729,329)</u>
Net position of governmental activities					<u>\$ 65,613,606</u>

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	SPLOST	E911	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 8,382,688	\$ -	\$ -	\$ -	\$ 8,382,688
Sales taxes	2,094,633	3,297,499	-	-	5,392,132
Other taxes	978,237	-	-	31,154	1,009,391
Licenses and permits	62,291	-	-	-	62,291
Intergovernmental	361,706	-	-	381,351	743,057
Rents and royalties	38,052	-	-	-	38,052
Charges for services	511,139	-	443,920	129,169	1,084,228
Fines and forfeitures	359,179	-	-	85,355	444,534
Interest	5,771	16,743	1,493	74	24,081
Other revenues	868,537	-	254	54,060	922,851
Total revenues	<u>13,662,233</u>	<u>3,314,242</u>	<u>445,667</u>	<u>681,163</u>	<u>18,103,305</u>
Expenditures:					
Current:					
General government	2,204,349	-	-	742	2,205,091
Judicial	1,405,861	-	-	5,639	1,411,500
Public safety	4,141,847	-	-	155,965	4,297,812
Public works	1,055,252	10,779	628,777	333,754	2,028,562
Health and welfare	1,529,212	-	-	29,253	1,558,465
Culture and recreation	664,422	-	-	15,577	679,999
Housing and development	349,190	-	-	-	349,190
Intergovernmental	-	1,215,418	-	-	1,215,418
Capital outlay	-	3,248,283	10,800	117,987	3,377,070
Debt service:					
Principal	403,373	455,990	68,630	-	927,993
Interest	107,778	13,622	7,314	-	128,714
Issuance costs	-	74,250	-	-	74,250
Total expenditures	<u>11,861,284</u>	<u>5,018,342</u>	<u>715,521</u>	<u>658,917</u>	<u>18,254,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,800,949</u>	<u>(1,704,100)</u>	<u>(269,854)</u>	<u>22,246</u>	<u>(150,759)</u>
Other financing sources (uses):					
Transfers in	128,099	-	269,854	34,500	432,453
Transfers out	(663,131)	(112,522)	-	(15,577)	(791,230)
Issuance of general obligation bonds	-	4,500,000	-	-	4,500,000
Note payable	-	1,371,447	-	-	1,371,447
Issuance of capital lease	137,196	194,877	-	-	332,073
Proceeds from the sale of capital assets	127,611	-	-	15,393	143,004
Total other financing sources (uses)	<u>(270,225)</u>	<u>5,953,802</u>	<u>269,854</u>	<u>34,316</u>	<u>5,987,747</u>
Net change in fund balances	1,530,724	4,249,702	-	56,562	5,836,988
Fund balance, beginning of year	<u>7,308,381</u>	<u>2,788,432</u>	<u>51,222</u>	<u>850,184</u>	<u>10,998,219</u>
Fund balance, end of year	<u>\$ 8,839,105</u>	<u>\$ 7,038,134</u>	<u>\$ 51,222</u>	<u>\$ 906,746</u>	<u>\$ 16,835,207</u>

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

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STEPHENS COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds	\$ 5,836,988
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(161,127)
The net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to increase net position.	830,052
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,374)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,275,527)
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.	(9,485)
	<u>\$ 1,219,527</u>

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

STEPHENS COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 7,975,755	\$ 8,130,755	\$ 8,382,688	\$ 251,933
Sales taxes	1,977,930	2,152,930	2,094,633	(58,297)
Other taxes	932,885	977,862	978,237	375
Licenses and permits	52,318	52,318	62,291	9,973
Intergovernmental	231,499	261,829	361,706	99,877
Rents and royalties	33,221	33,221	38,052	4,831
Charges for services	541,815	553,115	511,139	(41,976)
Fines and forfeitures	360,446	360,446	359,179	(1,267)
Interest income	555	555	5,771	5,216
Other revenues	725,205	758,079	868,537	110,458
Total revenues	12,831,629	13,281,110	13,662,233	381,123
Expenditures:				
Current:				
General government:				
General administration	1,444,460	1,529,278	1,450,933	78,345
Registrar/elections	103,227	91,501	79,995	11,506
Tax commissioner	343,991	347,300	324,384	22,916
Tax assessor	378,371	370,605	349,037	21,568
Total general government	2,270,049	2,338,684	2,204,349	134,335
Judicial:				
Clerk of courts	382,708	383,881	373,317	10,564
Superior court	170,754	175,003	165,410	9,593
District attorney	165,209	177,969	155,272	22,697
Indigent defense	129,446	128,073	128,073	-
State court	111,912	112,122	110,092	2,030
Magistrate court	142,701	144,523	142,838	1,685
Probate court	171,644	171,644	163,448	8,196
Juvenile court	114,554	167,411	167,411	-
Total judicial	1,388,928	1,460,626	1,405,861	54,765
Public safety:				
Sheriff's office	2,204,079	2,098,676	2,038,289	60,387
Jail operations	1,733,468	1,618,632	1,547,088	71,544
Coroner	40,930	43,225	41,332	1,893
Emergency management	44,552	44,552	40,173	4,379
Probation office	112,112	141,033	137,848	3,185
Animal control	150,000	150,000	150,000	-
Rural fire protection	197,912	197,912	187,117	10,795
Total public safety	4,483,053	4,294,030	4,141,847	152,183
Public works:				
Public works department	689,476	927,194	917,545	9,649
Maintenance and shop	158,805	153,686	137,707	15,979
Total public works	848,281	1,080,880	1,055,252	25,628

(Continued)

STEPHENS COUNTY, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures (Continued):				
Current (Continued):				
Health and welfare:				
Public welfare	\$ 59,567	\$ 49,428	\$ 49,428	\$ -
Health and human services	1,273,774	1,273,774	1,273,173	601
Senior citizens center	208,648	215,623	206,611	9,012
Total health and welfare	1,541,989	1,538,825	1,529,212	9,613
Culture and recreation:				
Parks and recreation	425,414	427,294	397,422	29,872
Library	267,000	267,000	267,000	-
Total culture and recreation	692,414	694,294	664,422	29,872
Housing and development:				
County agent's office	71,078	71,152	68,287	2,865
Planning and zoning	4,500	6,035	6,035	-
Economic development	183,500	188,500	188,500	-
Building inspection	66,101	28,833	26,975	1,858
Airport	21,385	21,385	21,385	-
Payments to other agencies	289,815	342,960	38,008	304,952
Total housing and development	636,379	658,865	349,190	309,675
Debt service:				
Principal	372,830	403,156	403,373	(217)
Interest	108,884	108,888	107,778	1,110
Total debt service	481,714	512,044	511,151	893
Total expenditures	12,342,807	12,578,248	11,861,284	716,964
Excess of revenues over expenditures	488,822	702,862	1,800,949	1,098,087
Other financing sources (uses):				
Transfers in	15,916	15,916	128,099	112,183
Transfers out	(564,849)	(663,131)	(663,131)	-
Capital leases	-	131,606	137,196	5,590
Proceeds from the sale of capital assets	-	127,611	127,611	-
Total other financing sources (uses)	(548,933)	(387,998)	(270,225)	117,773
Net change in fund balance	(60,111)	314,864	1,530,724	1,215,860
Fund balance, beginning of year	7,308,381	7,308,381	7,308,381	-
Fund balance, end of year	\$ 7,248,270	\$ 7,623,245	\$ 8,839,105	\$ 1,215,860

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

STEPHENS COUNTY, GEORGIA

E911 FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 464,487	\$ 464,487	\$ 443,920	\$ (20,567)
Interest income	1,304	1,304	1,493	189
Other revenues	321	321	254	(67)
Total revenues	<u>466,112</u>	<u>466,112</u>	<u>445,667</u>	<u>(20,445)</u>
Expenditures:				
Current:				
Personal services	554,491	555,561	553,156	2,405
Supplies	4,000	2,962	1,882	1,080
Contractual services	45,880	73,739	73,739	-
Capital outlay	-	10,800	10,800	-
Debt service				
Principal	-	68,630	68,630	-
Interest	-	7,314	7,314	-
Total expenditures	<u>604,371</u>	<u>719,006</u>	<u>715,521</u>	<u>3,485</u>
Deficiency of revenues over expenditures	<u>(138,259)</u>	<u>(252,894)</u>	<u>(269,854)</u>	<u>(16,960)</u>
Other financing sources:				
Transfers in	138,259	252,894	269,854	16,960
Total other financing sources	<u>138,259</u>	<u>252,894</u>	<u>269,854</u>	<u>16,960</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>51,222</u>	<u>51,222</u>	<u>51,222</u>	<u>-</u>
Fund balance, end of year	<u>\$ 51,222</u>	<u>\$ 51,222</u>	<u>\$ 51,222</u>	<u>\$ -</u>

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2015

	Solid Waste Management Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 73,717
Accounts receivable	2,872
Total current assets	<u>76,589</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable assets	504,942
Depreciable assets	454,149
Less accumulated depreciation	<u>(417,935)</u>
Total capital assets net of accumulated depreciation	<u>541,156</u>
Total assets	<u>617,745</u>
LIABILITIES	
Current liabilities:	
Accounts payable	23,922
Due to other funds	73,716
Compensated absences - current	<u>1,233</u>
Total current liabilities	<u>98,871</u>
Long-term liabilities:	
Accrued closure/postclosure care costs	2,785,557
Compensated absences payable	<u>490</u>
Total long-term liabilities	<u>2,786,047</u>
Total liabilities	<u>2,884,918</u>
NET POSITION	
Investment in capital assets	541,156
Unrestricted (deficit)	<u>(2,808,329)</u>
Total net position	<u>\$ (2,267,173)</u>

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

STEPHENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Solid Waste Management Fund
OPERATING REVENUES	
Charges for services:	
Landfill fees	\$ 16,230
Total operating revenues	<u>16,230</u>
OPERATING EXPENSES	
Salaries and benefits	159,762
Supplies and maintenance	28,630
Utilities	12,366
Office expense	1,288
Contractual services	173,180
Depreciation	1,138
Indirect costs	24,676
Total operating expenses	<u>401,040</u>
Operating loss	<u>(384,810)</u>
NON-OPERATING REVENUE	
Interest income	<u>3</u>
Total non-operating revenue	<u>3</u>
Loss before transfers	(384,807)
Transfer in	<u>358,777</u>
Change in net position	(26,030)
NET POSITION (Deficit), beginning of year	<u>(2,241,143)</u>
NET POSITION (Deficit), end of year	<u><u>\$ (2,267,173)</u></u>

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

STEPHENS COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Solid Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 14,191
Payments to suppliers and service providers	(134,450)
Payments to employees	(164,130)
Net cash used in operating activities	(284,389)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	3
Net cash provided by investing activities	3
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(7,569)
Net cash used in capital financing activities	(7,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	358,777
Net cash provided by noncapital activities	358,777
Net increase in cash and cash equivalents	66,822
Cash and cash equivalents:	
Beginning of year	6,895
End of year	\$ 73,717
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (384,810)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,138
Increase in accounts receivable	(2,039)
Decrease in accounts payable	(2,298)
Increase in due to other funds	66,822
Decrease in compensated absences	(4,368)
Increase in closure/postclosure payable	41,166
Net cash used in operating activities	\$ (284,389)

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

STEPHENS COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

ASSETS	Agency Funds
Cash and cash equivalents	\$ 618,663
Taxes receivable	61,779
Accounts receivable	<u>198</u>
Total assets	<u><u>\$ 680,640</u></u>
LIABILITIES	
Due to others	\$ 618,861
Uncollected taxes	<u>61,779</u>
Total liabilities	<u><u>\$ 680,640</u></u>

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stephens County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, except that agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund is charges to customers for sales and services provided. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

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

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

E. Cash and Cash Equivalents

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

F. Interfund Receivables and Payables

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

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations (Continued)

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

K. Deferred Inflows / Outflows of Resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County's component units had pension related deferred outflows as a result of the implementation of GASB Statement No. 68 that required reporting in this category and are described further in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and this amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available. Additionally, the County's component units had pension related deferred inflows as a result of the implementation of GASB Statement No. 68 that required reporting in this category and are described further in Note 10.

L. Fund Equity

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

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

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Net Position (Continued)

improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Use of Estimates

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$8,729,329 difference are as follows:

General obligation bonds payable	\$ (4,500,000)
Note payable	(3,713,153)
Capital leases payable	(330,521)
Accrued interest payable	(8,613)
Compensated absences	<u>(177,042)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (8,729,329)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$161,127 difference are as follows:

Capital outlay	\$ 2,477,591
Depreciation expense	<u>(2,638,718)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (161,127)</u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$5,275,527 difference are as follows:

Proceeds:	
General obligation bonds	\$ (4,500,000)
Notes	(1,371,447)
Capital leases	(332,073)
Principal repayments:	
Note payable	492,633
Capital leases	<u>435,360</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (5,275,527)</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “the net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to increase net position.” The details of this \$830,052 difference are as follows:

In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold or donated to other entities.

	\$	(111,792)
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not current financial resources.

		<u>941,844</u>
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Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*

	\$	<u><u>830,052</u></u>
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NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to May 1, the Department Heads submit to the County Administrator a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Administrator for study.
2. Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
3. Prior to July 1, the budget is legally adopted by the Board of Commissioners through the passage of a resolution.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds. Additionally, an annual budget is adopted for the SPLOST Fund and the Capital Projects Fund.
6. The budgets for the General Fund and the following Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions: the Law Library Fund, the Drug Task Force Fund, the Jail Commissary Fund, the Jail Fund, the Drug Rehabilitation Fund, the Juvenile Supervision Fund, the Grant Fund, the E911 Fund, the Hotel/Motel Tax Fund, and the Water Lines Fund.

Budgeted amounts are as originally adopted on June 24, 2014, or as amended by the Board of Commissioners. The supplementary budgetary appropriations made were not material.

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the deposits of the Health Department, the Library and the Development Authority were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia. As of June 30, 2015, the County's deposits with one financial institution exceeded the securities held as collateral for those deposits in the amount of \$2,641,507.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2015, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>E911 Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Solid Waste Management Fund</u>	<u>Total</u>
Receivables:						
Taxes	\$ 41,540	\$ -	\$ -	\$ 9,167	\$ -	\$ 50,707
Other governments	356,265	288,386	-	8,976	-	653,627
Accounts	<u>93,881</u>	<u>-</u>	<u>82,828</u>	<u>31,624</u>	<u>2,872</u>	<u>211,205</u>
Net receivables	<u>\$ 491,686</u>	<u>\$ 288,386</u>	<u>\$ 82,828</u>	<u>\$ 49,767</u>	<u>\$ 2,872</u>	<u>\$ 915,539</u>

Property taxes were levied on September 15, 2014. Bills are payable on or before November 15, 2014, after which the applicable property is subject to lien. The County bills and collects its own property taxes. Property taxes levied for 2015 are recorded as receivables. The receivables collected during the year ended June 30, 2015, and collected by August 31, 2015, are recognized as revenues in the year ended June 30, 2015.

Net receivables estimated to be collected subsequent to August 31, 2015 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes are attached as an enforceable lien on property as of February 17, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,122,103	\$ 9,303	\$ -	\$ -	\$ 1,131,406
Total capital assets, not being depreciated	<u>1,122,103</u>	<u>9,303</u>	<u>-</u>	<u>-</u>	<u>1,131,406</u>
Capital assets, being depreciated:					
Infrastructure	58,622,517	941,844	-	-	59,564,361
Buildings	28,860,629	51,403	-	-	28,912,032
Machinery and equipment	6,175,435	2,043,004	(240,193)	-	7,978,246
Vehicles	3,458,082	373,881	(57,129)	-	3,774,834
Total capital assets, being depreciated	<u>97,116,663</u>	<u>3,410,132</u>	<u>(297,322)</u>	<u>-</u>	<u>100,229,473</u>
Less accumulated depreciation for:					
Infrastructure	26,150,663	1,461,694	-	-	27,612,357
Buildings	8,562,069	543,104	-	-	9,105,173
Machinery and equipment	3,865,297	478,343	(138,668)	-	4,204,972
Vehicles	2,851,403	155,577	(46,862)	-	2,960,118
Total accumulated depreciation	<u>41,429,432</u>	<u>2,638,718</u>	<u>(185,530)</u>	<u>-</u>	<u>43,882,620</u>
Total capital assets, being depreciated, net	<u>55,687,231</u>	<u>771,414</u>	<u>(111,792)</u>	<u>-</u>	<u>56,346,853</u>
Governmental activities capital assets, net	<u>\$ 56,809,334</u>	<u>\$ 780,717</u>	<u>\$ (111,792)</u>	<u>\$ -</u>	<u>\$ 57,478,259</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 504,942	\$ -	\$ -	\$ 504,942
Total capital assets not being depreciated	504,942	-	-	504,942
Capital assets, being depreciated:				
Buildings	56,903	-	-	56,903
Machinery and equipment	516,782	7,569	(159,085)	365,266
Vehicles	31,980	-	-	31,980
Total capital assets, being depreciated	605,665	7,569	(159,085)	454,149
Less accumulated depreciation for:				
Buildings	27,118	1,138	-	28,256
Machinery and equipment	516,782	-	(159,085)	357,697
Vehicles	31,982	-	-	31,982
Total accumulated depreciation	575,882	1,138	(159,085)	417,935
Total capital assets being depreciated, net	29,783	6,431	-	36,214
Business-type activities capital assets, net	\$ 534,725	\$ 6,431	\$ -	\$ 541,156

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

Governmental activities:	
General government	\$ 188,372
Judicial	10,184
Public safety	651,313
Public works	1,577,566
Health and welfare	81,204
Culture and recreation	130,079
Total depreciation expense - governmental activities	\$ 2,638,718
Business-type activities:	
Solid waste management	\$ 1,138

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Units

Department of Public Health

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

Toccoa-Stephens County Public Library

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 4,100	\$ -	\$ -	\$ 4,100
Total capital assets not being depreciated	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
Capital assets, being depreciated:				
Buildings	786,166	-	-	786,166
Improvements	184,330	40,915	-	225,245
Furniture and equipment	157,603	5,973	(4,137)	159,439
Total capital assets, being depreciated	<u>1,128,099</u>	<u>46,888</u>	<u>(4,137)</u>	<u>1,170,850</u>
Less accumulated depreciation for:				
Buildings	526,303	20,158	-	546,461
Improvements	55,639	17,086	-	72,725
Furniture and equipment	144,321	2,489	(4,137)	142,673
Total accumulated depreciation	<u>726,263</u>	<u>39,733</u>	<u>(4,137)</u>	<u>761,859</u>
Total capital assets being depreciated, net	<u>401,836</u>	<u>7,155</u>	<u>-</u>	<u>408,991</u>
Total capital assets, net	<u>\$ 405,936</u>	<u>\$ 7,155</u>	<u>\$ -</u>	<u>\$ 413,091</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
Capital leases	433,808	332,073	(435,360)	330,521	18,954
Notes payable	2,834,339	1,371,447	(492,633)	3,713,153	606,201
Compensated absences	176,170	123,002	(122,130)	177,042	126,739
Governmental activities long-term liabilities	<u>\$ 3,444,317</u>	<u>\$ 6,326,522</u>	<u>\$ (1,050,123)</u>	<u>\$ 8,720,716</u>	<u>\$ 751,894</u>
Business-type Activities:					
Compensated absences	\$ 6,091	\$ 1,229	\$ (5,597)	\$ 1,723	\$ 1,233
Landfill closure/postclosure	2,744,391	41,166	-	2,785,557	-
Business-type activities long-term liabilities	<u>\$ 2,750,482</u>	<u>\$ 42,395</u>	<u>\$ (5,597)</u>	<u>\$ 2,787,280</u>	<u>\$ 1,233</u>

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

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 42,185	\$ 42,185
2017	865,000	58,165	923,165
2018	890,000	45,617	935,617
2019	900,000	32,819	932,819
2020	915,000	19,841	934,841
2021	930,000	6,650	936,650
Total	<u>\$ 4,500,000</u>	<u>\$ 205,277</u>	<u>\$ 4,705,277</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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

The cost and related accumulated depreciation of assets under capital leases as of June 30, 2015 is as follows:

	Governmental Activities
Equipment	\$ 459,684
Less accumulated depreciation	<u>-</u>
	<u><u>\$ 459,684</u></u>

The County did not record depreciation expense for assets under capital lease as of June 30, 2015, as the assets under lease were capitalized as of that date.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 25,768
2017	25,768
2018	25,768
2019	25,768
2020	<u>256,909</u>
Total minimum lease payments	359,981
Less amount representing interest	<u>29,460</u>
Present value of future minimum lease payments	<u><u>\$ 330,521</u></u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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

Debt service requirements to maturity at June 30, 2015 for the notes payable are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 606,201	\$ 116,662	\$ 722,863
2017	611,933	97,130	709,063
2018	617,727	77,784	695,511
2019	623,644	58,315	681,959
2020	460,032	39,709	499,741
2021-2023	793,616	38,234	831,850
Total	<u>\$ 3,713,153</u>	<u>\$ 427,834</u>	<u>\$ 4,140,987</u>

Landfill postclosure costs. State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County began the process of closing the landfill site during 2013. The total estimated liability for closure and postclosure care is \$2,785,557 at June 30, 2015. These costs are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during this period, the costs and time period required for maintenance and monitoring functions may increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Component Units

The following is a summary of long-term debt activity for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Health Department:					
Net pension liability	\$ 514,963	\$ -	\$ (124,899)	\$ 390,064	\$ -
Compensated absences	39,097	29,520	(23,342)	45,275	28,976
Total Health Department	<u>\$ 554,060</u>	<u>\$ 29,520</u>	<u>\$ (148,241)</u>	<u>\$ 435,339</u>	<u>\$ 28,976</u>
Library:					
Net pension liability	\$ 251,201	\$ 8,381	\$ (90,119)	\$ 169,463	\$ -
Total Library	<u>\$ 251,201</u>	<u>\$ 8,381</u>	<u>\$ (90,119)</u>	<u>\$ 169,463</u>	<u>\$ -</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 42,626
General Fund	E911 Fund	1,507,687
General Fund	SPLOST Fund	471,446
General Fund	Solid Waste Management Fund	73,716
Nonmajor Governmental Funds	General Fund	357,479
		<u>\$ 2,452,954</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 15,577
General Fund	SPLOST Fund	112,522
Nonmajor Governmental Funds	General Fund	34,500
Solid Waste Management Fund	General Fund	358,777
E911 Fund	General Fund	269,854
		<u>\$ 791,230</u>

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

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The County participates in the Stephens County Pension Plan and Trust (the "Plan"), a defined contribution plan, administered primarily by the Minnesota Mutual Insurance Company. The Plan provides retirement benefits to plan participants and beneficiaries. Employee vesting in the County's contributions to the plan is based on a five-year graded vesting schedule. The County contributes an amount equal to 1.5% of the plan year covered compensation of all qualifying participants which totaled 110 at June 30, 2015. For the fiscal year ending June 30, 2015, the County's contribution to the Plan was \$57,447. Employee voluntary contributions are not allowed under provisions of the plan.

	<u>Amount</u>	<u>Percent of covered payroll</u>
Contribution requirement by County	\$57,447	1.5%
Contributions made by County	\$57,447	1.5%
 Total covered payroll	 \$3,829,768	

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

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

NOTE 10. RETIREMENT PLANS - COMPONENT UNITS

A. Health Department

Plan Description. All eligible employees of the Health Department participate in the Georgia State Employees Retirement System (ERS), a statewide multi-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. The ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

All full-time eligible employees who are hired for Merit System classified positions are eligible to participate in ERS. Participants have a partial vested right to retirement benefits after 10 years of service and become fully vested after 34 years.

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

During the year, the Department contributed \$56,595. Contributions by employees are withheld by the Department. Such withholdings totaled \$4,591 during the year and were paid by the department. The Department has no other liability under the plan. The Department's total payroll for all employees during the year was \$273,896 and all of this amount related to employees covered by the retirement plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS - COMPONENT UNITS (CONTINUED)

A. Health Department (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions. At June 30, 2015, the Department reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll forward techniques. The proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Department's proportion was .010400%, which was a decrease of .000212% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Department recognized pension expense of \$56,595. As of June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Department contributions and proportionate share of contributions	\$ -	\$ (6,331)
Net difference between projected and actual earnings on pension plan investments	-	(95,203)
Department contributions subsequent to the measurement date	<u>56,595</u>	<u>-</u>
Total	<u><u>\$ 56,595</u></u>	<u><u>\$ (101,534)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS - COMPONENT UNITS (CONTINUED)

A. Health Department (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued). Department contributions subsequent to the measurement date of \$56,595 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (27,758)
2017	(26,175)
2018	(23,801)
2019	<u>(23,800)</u>
	<u>\$ (101,534)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 combined mortality table for males or females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the periods July 1, 2004 – June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS - COMPONENT UNITS (CONTINUED)

A. Health Department (Continued)

Actuarial Assumptions (Continued). The long term expected rate of return on pension plan investments was determined using a log- normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	<u>100.00%</u>	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at the current contribution rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS - COMPONENT UNITS (CONTINUED)

A. Health Department (Continued)

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Department's proportionate share of the net pension liability	\$ 568,971	\$ 390,064	\$ 237,926

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov.

B. Library

General Information about the Teachers Retirement System

Plan Description. All employees of the Library as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits Provided. TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS – COMPONENT UNITS (CONTINUED)

B. Library (Continued)

General Information about the Teachers Retirement System (Continued)

Contributions. Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2015. The Library's contractually required contribution rate for the year ended June 30, 2015 was 13.15% of annual payroll. Library contributions to TRS were \$18,341 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Effective July 1, 2014, the Library implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the Library's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

At June 30, 2015, the Library reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll forward techniques. The Library's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2014. At June 30 2014, the Library's proportion was .001341%, which was a decrease of 6.95% from its proportion measured as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS – COMPONENT UNITS (CONTINUED)

B. Library (Continued)

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

For the year ended June 30, 2015, the Library recognized pension expense of \$8,365. At June 30, 2015, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Library contributions and proportionate share of contributions	\$ -	\$ (14,235)
Net difference between projected and actual earnings on pension plan investments	-	(59,079)
Library contributions subsequent to the measurement date	<u>18,341</u>	<u>-</u>
Total	<u><u>\$ 18,341</u></u>	<u><u>\$ (73,314)</u></u>

Library contributions subsequent to the measurement date of \$18,341 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (18,329)
2017	(18,329)
2018	(18,329)
2019	<u>(18,327)</u>
	<u><u>\$ (73,314)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS – COMPONENT UNITS (CONTINUED)

B. Library (Continued)

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

Actuarial Assumptions. The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS – COMPONENT UNITS (CONTINUED)

B. Library (Continued)

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

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Library's proportionate share of the net pension liability	\$ 312,298	\$ 169,463	\$ 51,842

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

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

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

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2015, the County paid \$19,236 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional commissions in Georgia.

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

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

NOTE 14. CHANGES IN ACCOUNTING PRINCIPLES – COMPONENT UNITS

The Stephens County Department of Public Health and the Toccoa-Stephens County Public Library have determined that a restatement to the July 1, 2014 beginning net position was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the the Health Department and the Library as follows:

	<u>Health Department</u>	<u>Library</u>
Beginning net position, July 1, 2014, as previously reported	\$ 538,552	\$ 912,996
Change in accounting principle due to the implementation of GASB Statement No. 68	(471,734)	(234,412)
Beginning net position, July 1, 2014, as restated	<u>\$ 66,818</u>	<u>\$ 678,584</u>

STEPHENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
STEPHENS COUNTY HEALTH DEPARTMENT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2015</u>
Department's proportion of the net pension liability	0.010400 %
Department's proportionate share of the net pension liability	\$ 390,064
Department's covered-employee payroll	\$ 273,896
Department's proportionate share of the net pension liability as a percentage of its covered payroll	142.41 %
Plan fiduciary net position as a percentage of the total pension liability	77.99 %

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**STEPHENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
STEPHENS COUNTY HEALTH DEPARTMENT
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>
Contractually required contribution	\$ 56,595
Contributions in relation to the contractually required contribution	<u>56,595</u>
Contribution deficiency (excess)	<u>\$ -</u>
Department's covered employee payroll	\$ 273,896
Contributions as a percentage of covered employee payroll	20.66 %

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**STEPHENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
TOCCOA-STEPHENS COUNTY PUBLIC LIBRARY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>
Library's proportion of the net pension liability	0.001341 %
Library's proportionate share of the net pension liability	\$ 169,463
Library's covered-employee payroll	\$ 149,656
Library's proportionate share of the net pension liability as a percentage of its covered payroll	113.24 %
Plan fiduciary net position as a percentage of the total pension liability	84.03 %

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**STEPHENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
TOCCOA-STEPHENS COUNTY PUBLIC LIBRARY
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2015</u>
Contractually required contribution	\$ 16,789
Contributions in relation to the contractually required contribution	<u>16,789</u>
Contribution deficiency (excess)	<u>\$ -</u>
Library's covered-employee payroll	\$ 149,656
Contributions as a percentage of covered-employee payroll	11.22 %

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Capital Projects Fund

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

STEPHENS COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2015

ASSETS	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
Cash and cash equivalents	\$ 62,405	\$ 47,903	\$ 2,461	\$ 304,049	\$ 12,085
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Due from other governments	1,787	-	-	7,184	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 64,192</u>	<u>\$ 47,903</u>	<u>\$ 2,461</u>	<u>\$ 311,233</u>	<u>\$ 12,085</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 250	\$ 666	\$ -
Due to other funds	14,047	-	-	24,209	-
Total liabilities	<u>14,047</u>	<u>-</u>	<u>250</u>	<u>24,875</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Judicial programs	-	-	2,211	286,358	-
Public safety	50,145	-	-	-	12,085
Capital improvements	-	-	-	-	-
Assigned for:					
Jail commissary activity	-	-	-	-	-
Capital improvements	-	47,903	-	-	-
Total fund balances	<u>50,145</u>	<u>47,903</u>	<u>2,211</u>	<u>286,358</u>	<u>12,085</u>
Total liabilities and fund balances	<u>\$ 64,192</u>	<u>\$ 47,903</u>	<u>\$ 2,461</u>	<u>\$ 311,233</u>	<u>\$ 12,085</u>

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Grant Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 2,110	\$ -	\$ 79,994	\$ -	\$ 36,832	\$ 547,839
-	-	-	31,624	-	31,624
-	9,167	-	-	-	9,167
-	-	5	-	-	8,976
-	-	-	357,479	-	357,479
<u>\$ 2,110</u>	<u>\$ 9,167</u>	<u>\$ 79,999</u>	<u>\$ 389,103</u>	<u>\$ 36,832</u>	<u>\$ 955,085</u>
\$ -	\$ 4,797	\$ -	\$ -	\$ -	\$ 5,713
-	4,370	-	-	-	42,626
-	9,167	-	-	-	48,339
-	-	79,999	54,763	-	423,331
-	-	-	-	-	62,230
-	-	-	334,340	-	334,340
2,110	-	-	-	-	2,110
-	-	-	-	36,832	84,735
<u>2,110</u>	<u>-</u>	<u>79,999</u>	<u>389,103</u>	<u>36,832</u>	<u>906,746</u>
<u>\$ 2,110</u>	<u>\$ 9,167</u>	<u>\$ 79,999</u>	<u>\$ 389,103</u>	<u>\$ 36,832</u>	<u>\$ 955,085</u>

STEPHENS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Jail Fund	Water Lines Fund	Juvenile Supervision Fund	Drug Rehabilitation Fund	Drug Task Force Fund
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	25,176	-
Charges for services	41,123	-	-	-	-
Fines and forfeitures	12,551	-	2,181	44,330	11,531
Interest income	4	11	-	25	-
Other revenues	-	-	-	-	-
Total revenues	<u>53,678</u>	<u>11</u>	<u>2,181</u>	<u>69,531</u>	<u>11,531</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Public safety	41,524	-	-	-	1,319
Public works	-	175	-	-	-
Health and welfare	-	-	250	29,003	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>41,524</u>	<u>175</u>	<u>250</u>	<u>29,003</u>	<u>1,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,154</u>	<u>(164)</u>	<u>1,931</u>	<u>40,528</u>	<u>10,212</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,154	(164)	1,931	40,528	10,212
Fund balances, beginning of year	<u>37,991</u>	<u>48,067</u>	<u>280</u>	<u>245,830</u>	<u>1,873</u>
Fund balances, end of year	<u>\$ 50,145</u>	<u>\$ 47,903</u>	<u>\$ 2,211</u>	<u>\$ 286,358</u>	<u>\$ 12,085</u>

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Grant Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 31,154	\$ -	\$ -	\$ -	\$ 31,154
-	-	-	356,175	-	381,351
88,046	-	-	-	-	129,169
-	-	14,762	-	-	85,355
-	-	7	-	27	74
-	-	-	54,060	-	54,060
88,046	31,154	14,769	410,235	27	681,163
-	-	-	-	742	742
-	-	5,639	-	-	5,639
91,904	-	-	21,218	-	155,965
-	-	-	333,579	-	333,754
-	-	-	-	-	29,253
-	15,577	-	-	-	15,577
-	-	-	68,976	49,011	117,987
91,904	15,577	5,639	423,773	49,753	658,917
(3,858)	15,577	9,130	(13,538)	(49,726)	22,246
-	-	-	-	34,500	34,500
-	(15,577)	-	-	-	(15,577)
-	-	-	-	15,393	15,393
-	(15,577)	-	-	49,893	34,316
(3,858)	-	9,130	(13,538)	167	56,562
5,968	-	70,869	402,641	36,665	850,184
\$ 2,110	\$ -	\$ 79,999	\$ 389,103	\$ 36,832	\$ 906,746

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
Roads, bridges, and culverts	\$ 10,378,431	\$ 10,378,431	\$ -	\$ 687,859	\$ 687,859
Fire department	400,000	400,000	-	8,563	8,563
Ambulance vehicles	904,215	904,215	-	142,007	142,007
Sheriff vehicles	1,500,000	1,500,000	-	118,134	118,134
Courthouse annex renovations	230,000	230,000	-	-	-
Recreation upgrades and improvements	383,350	383,350	-	-	-
Jail equipment	50,000	50,000	-	35,396	35,396
Historic courthouse acoustics	35,000	35,000	-	16,549	16,549
Humane shelter parking lot	35,000	35,000	-	-	-
Emergency communications	750,000	750,000	-	1,398,671	1,398,671
City of Toccoa	6,285,427	6,285,427	-	892,418	892,418
City of Martin	217,000	217,000	-	217,000	217,000
City of Avalon	106,000	106,000	-	106,000	106,000
	<u>\$ 21,274,423</u>	<u>\$ 21,274,423</u>	<u>\$ -</u>	<u>\$ 3,622,597</u>	<u>\$ 3,622,597</u>

Debt service payments on equipment already
included as an expenditure above

92,821
\$ 3,715,418

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
Sewer projects	\$ 1,000,000	\$ 1,000,000	\$ 64,645	\$ 38,557	\$ 103,202
Hayestone-Brady Park Project	7,000,000	7,000,000	-	1,546	1,546
County fire projects	3,500,000	3,500,000	2,488,539	5,475	2,494,014
Purchase of sheriff vehicles	420,000	420,000	307,342	31,506	338,848
Road improvements	2,260,000	2,260,000	1,229,233	730,053	1,959,286
Airport terminal project	1,200,000	1,200,000	881,593	103,194	984,787
Farmer market project	100,000	100,000	102,600	-	102,600
Recreation project	700,000	700,000	301,056	15,802	316,858
Fueling station	200,000	200,000	202,602	-	202,602
	<u>\$ 16,380,000</u>	<u>\$ 16,380,000</u>	<u>\$ 5,577,610</u>	\$ 926,133	<u>\$ 6,503,743</u>
Debt service payments on equipment already included as an expenditure above				<u>376,791</u>	
				<u>\$ 1,302,924</u>	

STEPHENS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

AGENCY FUNDS

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

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

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

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

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

Clerk of Courts
Probate Court
Magistrate Court

STEPHENS COUNTY, GEORGIA

COMBINING BALANCE SHEET AGENCY FUNDS JUNE 30, 2015

<u>ASSETS</u>	Tax Commissioner	Clerk of Courts	Probate Court	Magistrate Court
Cash and cash equivalents	\$ 404,957	\$ 69,881	\$ 1,450	\$ 56,512
Taxes receivable	61,779	-	-	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ 466,736</u>	<u>\$ 69,881</u>	<u>\$ 1,450</u>	<u>\$ 56,512</u>
<u>LIABILITIES</u>				
Due to others	\$ 404,957	\$ 69,881	\$ 1,450	\$ 56,512
Uncollected taxes	61,779	-	-	-
Total liabilities	<u>\$ 466,736</u>	<u>\$ 69,881</u>	<u>\$ 1,450</u>	<u>\$ 56,512</u>

<u>Sheriff</u>	<u>Jail Inmate</u>	<u>Probation Office</u>	<u>Total</u>
\$ -	\$ 34,017	\$ 51,846	\$ 618,663
-	-	-	61,779
-	198	-	198
<u>\$ -</u>	<u>\$ 34,215</u>	<u>\$ 51,846</u>	<u>\$ 680,640</u>
\$ -	\$ 34,215	\$ 51,846	\$ 618,861
-	-	-	61,779
<u>\$ -</u>	<u>\$ 34,215</u>	<u>\$ 51,846</u>	<u>\$ 680,640</u>

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COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Stephens County, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Stephens County, Georgia's basic financial statements, and have issued our report thereon dated December 10, 2015. Our report includes a reference to other auditors who audited the financial statements of the Stephens County Department of Public Health and the Stephens County Development Authority, as described in our report on Stephens County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014 for the Stephens County Department of Public Health and the Toccoa-Stephens County Public Library.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stephens County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stephens County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-002.

Stephens County, Georgia's Responses to Findings

Stephens County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Stephens County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 10, 2015

STEPHENS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ____ yes X no

Significant deficiencies identified not considered
to be material weaknesses? X yes ____ no

Noncompliance material to financial statements noted? X yes ____ no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2015 due to the total amount expended being less than \$500,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-001. Segregation of Duties (Repeat finding)

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

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

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

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

STEPHENS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-001. Segregation of Duties (Repeat finding)

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

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

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

2015-2. Collateralization of Deposits

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

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

Context: The majority of the County's cash is maintained with one financial institution. During our review of the securities held as collateral for the County's deposits, we noted the County's deposits exceeded the securities held as collateral for these deposits in the amount of \$2,641,507.

Effect: Securities held by the bank were not sufficient to cover the County's deposits as of June 30, 2015, allowing for the possibility of loss of County assets should the financial institution become insolvent.

Cause: Lack of awareness and communication between the financial institution and the County. Additionally, the County did not adequately monitor the collateral level.

Recommendation: We recommend the County implement controls to adequately review and monitor collateral levels provided by the financial institutions which hold County deposits.

Views of Responsible Officials: We concur. Policies will be implemented to monitor collateral levels. Additionally, deposits were properly collateralized in the following month.

STEPHENS COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATUS OF PRIOR YEAR AUDIT FINDINGS

2014-1. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2014, there was not appropriate segregation of duties among recording, distribution, reconciliation of cash accounts and other operational functions in the offices of the elected officials and the various funds possessed by the County.

Auditee Response/Status: Unresolved. See current year finding 2015-001.

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