

GOING
FOR
THE
FUTURE

STEPHENS COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



STEPHENS COUNTY, GEORGIA

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Stephens County, Georgia** (the "County") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stephens County, Georgia, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund, the American Rescue Plan Fund, and the Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Stephens County Department of Public Health, Stephens County Development Authority, or Stephens County Hospital Authority, which represent 98%, 86%, and 99%, respectively, of the assets/deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Stephens County Department of Public Health, the Stephens County Development Authority and the Stephens County Hospital Authority, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 14 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, as of July 1, 2024. This standard significantly changed the reporting of the County's compensated absences liability. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining fund financial statements and schedules, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is 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 30, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 30, 2025

STEPHENS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

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, 2025.

Financial Highlights

- The assets of the County exceeded its liabilities at June 30, 2025, by approximately \$66 million (net position). Of this amount, \$18 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At fiscal year end June 30, 2025, the County's General Fund reported a total fund balance of \$18,173,785.

Overview of the Financial Statements

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

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

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

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

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

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, Toccoa-Stephens County Public Library, Stephens County Development Authority, and Stephens County Hospital Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

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

The County maintains governmental funds to account for the following activities: **General**; **Special Revenues** that include American Rescue Plan Act, E911, Jail, Juvenile Supervision, Opioid Settlement, Drug Rehabilitation, Drug Task Force, Grants, Jail Commissary, Hotel/Motel Tax and Law Library; and **Capital Projects** (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, American Rescue Plan Act, Grant Fund, 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The County adopts an annual appropriated budget for its General, Special Revenue, and proprietary funds. A budgetary comparison statement has been provided for the General Fund, American Rescue Plan Act Fund, and Grant Fund within the basic financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary funds. (i.e., the custodial funds) are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. These funds are used primarily by the County's constitutional offices.

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 nonmajor 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 \$66,332,045 at the close of the most recent fiscal year.

A large portion of the County's net position, 61% or \$40,645,108, 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

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2024	2025	2024	2025	2024	2025	2024 -2025
Current and other assets	\$ 30,011,662	\$ 30,024,151	\$ 112,931	\$ 286,838	\$ 30,124,593	\$ 30,310,989	0.62 %
Capital assets	44,881,693	44,295,398	621,961	637,738	45,503,654	44,933,136	(1.25)
Total assets	74,893,355	74,319,549	734,892	924,576	75,628,247	75,244,125	(0.51)
Long-term liabilities outstanding	4,121,164	2,334,880	2,478,613	53,431	6,599,777	2,388,311	(63.81)
Other liabilities	4,433,009	3,985,669	65,861	2,538,100	4,498,870	6,523,769	45.01
Total liabilities	8,554,173	6,320,549	2,544,474	2,591,531	11,098,647	8,912,080	(19.70)
Net position:							
Net investment in capital assets	38,691,373	40,007,370	621,961	637,738	39,313,334	40,645,108	3.39
Restricted	8,145,868	7,353,876	-	-	8,145,868	7,353,876	(9.72)
Unrestricted (deficit)	19,501,941	20,637,754	(2,431,543)	(2,304,693)	17,070,398	18,333,061	7.40
Total net position	\$ 66,339,182	\$ 67,999,000	\$ (1,809,582)	\$ (1,666,955)	\$ 64,529,600	\$ 66,332,045	2.79

Unrestricted net position of \$18 million may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the County is able to report a positive balance of net position for the government as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Stephens County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities		Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Revenues							
Program revenues:							
Charges for services	\$ 3,491,005	\$ 3,348,015	\$ 10,060	\$ 6,740	\$ 3,501,065	\$ 3,354,755	(4.18) %
Operating grants and contributions	1,689,966	1,393,987	-	-	1,689,966	1,393,987	(17.51)
Capital grants and contributions	4,836,353	2,132,477	-	-	4,836,353	2,132,477	(55.91)
General revenues:							
Property taxes	13,230,926	13,696,950	-	-	13,230,926	13,696,950	3.52
Other taxes	10,748,811	11,274,650	-	-	10,748,811	11,274,650	4.89
Investment income	552,517	990,172	40	49	552,557	990,221	79.21
Gain on sale of capital assets	104,235	-	-	-	104,235	-	-
Total revenues	34,653,813	32,836,251	10,100	6,789	34,663,913	32,843,040	(5.25)
Expenses							
General government	9,093,559	9,359,221	-	-	9,093,559	9,359,221	2.92
Judicial	2,474,942	2,298,986	-	-	2,474,942	2,298,986	(7.11)
Public safety	10,692,735	9,566,096	-	-	10,692,735	9,566,096	(10.54)
Public works	2,249,538	2,321,070	-	-	2,249,538	2,321,070	3.18
Health and welfare	2,406,779	2,783,408	-	-	2,406,779	2,783,408	15.65
Recreation	2,298,158	1,289,160	-	-	2,298,158	1,289,160	(43.90)
Housing and development	555,415	511,245	-	-	555,415	511,245	(7.95)
Intergovernmental	1,776,760	1,852,399	-	-	1,776,760	1,852,399	4.26
Miscellaneous	-	190,617	-	-	-	190,617	-
Interest on long-term debt	66,065	55,600	-	-	66,065	55,600	(15.84)
Solid waste	-	-	576,282	527,599	576,282	527,599	(8.45)
Total expenses	31,613,951	30,227,802	576,282	527,599	32,190,233	30,755,401	(4.46)
Transfers	(457,805)	(663,437)	457,805	663,437	-	-	-
Change in net position	2,582,057	1,945,012	(108,377)	142,627	2,473,680	2,087,639	(15.61)
Net position, beginning of year	63,757,125	66,339,182	(1,701,205)	(1,809,582)	62,055,920	64,529,600	3.99
Restatement - Change in accounting principle	-	(285,194)	-	-	-	(285,194)	-
Net positing, beginning of year, restated	63,757,125	66,053,988	(1,701,205)	(1,809,582)	62,055,920	64,244,406	-
Net position, end of year	\$ 66,339,182	\$ 67,999,000	\$ (1,809,582)	\$ (1,666,955)	\$ 64,529,600	\$ 66,332,045	2.79

The changes in net position between fiscal years 2024 and 2025 were affected by the following:

- Net change in total revenues is a decrease of 5.25%. This is primarily due to stable tax collections and less capital grant funding.
- Operating grants, capital grants, and contributions decreased 73.42% due to closing out the ARPA Grant.
- Property Tax revenue increased 3.52% or \$466,024 mainly because of increase in digest values.
- General Government expenses increased 2.92% due to increase in insurance and other operating costs.
- Public Safety expenses decreased 10.54% as a result of proficient delivery of services.
- Public Works expenses increased 3.18% mainly due to increase in material costs.
- Health and Welfare increased 15.65% mainly because of the cost of ambulance services.
- Recreation decreased almost half or 43.9% as a result of one-time costs in the previous year.
- Interest on long-term debt decreased 15.84% due to a reduction in the outstanding balance of long-term debt.

Business-type activities

- The Stephens County Solid Waste Management Fund has continued to produce at an operating loss since closing several years ago. During the current year a loss of \$520,859 was presented before transfers from the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- A transfer of funds was made from the General Fund to the Solid Waste Fund in the amount of \$663,437 due to the closure costs and operational needs of the landfill with no major source of revenue. The County was able to obtain a reimbursement of \$6,740 as a small offset to the loss.

Financial Analysis of the Government's Funds

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

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, nonspendable fund balance was \$457,536 for prepaid items, assigned fund balance of the General Fund was \$2,538,100 for landfill postclosure care costs, \$3,466,317 for capital improvements, and unassigned was \$11,711,832, while the total fund balance was \$18,173,785.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Nonspendable fund balance represents 2% of total General Fund expenditures, assigned fund balance represents 29%, and unassigned fund balance represents 57%, while total fund balance represents 88% of that same amount or ten months of expenditures.

ARPA Fund

The ARPA Fund recognized revenue of \$536,704 for allowable program expenditures. The fund now has a zero balance for unearned revenue now that the remaining expenditures have been incurred. As of June 30, 2025, the fund is now closed.

Grant Fund

The Grant Fund recognized revenues of \$1,394,075 and expenditures of \$888,484. The remaining fund balance is assigned for Public Works road projects.

SPLOST Funds

SPLOST (Special purpose local option sales tax) Referendum passed on November 5, 2019. Original budgeted proceeds of \$23,314,937 funds multiple capital projects started in 2020. At the end of the current fiscal year, SPLOST expenditures were \$6.96 million and revenues were \$6.06 million, including \$231,130 in interest revenue. This leaves a fund balance of \$6.24 million. Bonds in the amount of \$11 million were issued in fiscal year 2020 for the 2019 SPLOST and expected to retire in FY 2026.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Solid Waste Management Fund

At the end of the current fiscal year, total net position for the Solid Waste Management Fund was \$(1,666,955) 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 to compensate the changing economy and to avoid budget overruns. Revenues were \$17,188 less than the final budget and overall expenditures were less than budget by \$675,135 due to allocation for future capital needs and conservative spending.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$44,295,398 (net of accumulated depreciation). This results in a decrease of 1.3% due to conservative spending and depreciated value. Investment in capital assets includes land, site improvements, buildings, machinery and equipment, and infrastructure.

	Governmental Activities		Percentage Change
	2024	2025	2024-2025
Land	\$ 1,107,407	\$ 1,107,407	- %
Construction in progress	32,558	396,261	1,117.09
Buildings and improvements	18,473,166	17,867,559	(3.28)
Machinery and equipment	6,655,172	7,028,979	5.62
Infrastructure	18,613,391	17,895,192	(3.86)
Total	<u>\$ 44,881,694</u>	<u>\$ 44,295,398</u>	(1.31)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term debt. The County's long-term debt for the year ended June 30, 2025, is summarized below:

	Restated Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General obligation bonds	\$ 5,785,000	\$ -	\$ (1,910,000)	\$ 3,875,000
Financed purchases	371,936	-	(125,772)	246,164
SBITA liability	-	164,931	(55,503)	109,428
Compensated absences *	640,554	29,255	-	669,809
Total	<u>\$ 6,797,490</u>	<u>\$ 194,186</u>	<u>\$ (2,091,275)</u>	<u>\$ 4,900,401</u>
Business-Type Activities:				
Landfill postclosure	\$ 2,478,613	\$ 59,487	\$ -	\$ 2,538,100
	<u>\$ 2,478,613</u>	<u>\$ 59,487</u>	<u>\$ -</u>	<u>\$ 2,538,100</u>

* Compensated absences beginning balance was restated for the implementation of GASB 101

General obligation bonds were issued to forward fund SPLOST VII projects and SPLOST VI road projects. The final payment for SPLOST VI principal and interest was paid leaving a balance pertaining to SPLOST VII. Financed purchases is for the financing of road equipment for public works.

Engineering and postclosure costs associated with the closing of the County landfill are estimated to be approximately \$2,538,100 over a 30-year period from date of final closure and are recorded as a long-term liability of the Solid Waste Management Fund. All action items requested for closure have been completed and a certificate of final closure has been received.

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

Economic Factors and Next Year's Budgets

- The millage rate will once again be separated into usage to present more transparency - EMS, Fire, and Solid Waste.
- Title Ad Valorem Tax is making a significant difference with the inability to forecast.
- It is yet to be seen specifically how HB 581 will affect property tax revenues.
- The County will be considering placing a FLOST on the ballot sometime in fiscal year 2027.
- Sales tax is showing a healthy 5% increase from year to year.
- Top three General Fund revenue sources make up 65% of the total General Fund operating revenues of \$23.31 million.
- Miscellaneous revenues account for less than 1% of the overall revenues.
- Gain on investments increased 15% due to forecasted improvement in the economy.
- SPLOST VII collections began July 2020 with a one-time, multi-year audit adjustment of \$353,096 in FY2020.
- Decrease to SPLOST due to lower fund balance from previous years' collections.
- Potential merit increase of 3% for full-time and part-time employees.
- Increase in General Government due to County-wide insurance cost.
- Increase in Chief Executive due to legal fee contract increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Decrease in Elections due to less state-wide elections.
- Increase in Data Processing Department due to additional IT contract at the Jail.
- Increase in Building and Grounds due to department expansion and adding a full-time employee.
- Decrease in Superior Court due to change in personnel.
- Increase in Sheriff's Department due to increased fuel cost, repair cost, personnel cost, and contracts.
- Decrease in Public Works with less paving contracted for the City of Toccoa.
- Increase in Maintenance Shop due to department expansion of adding a full-time employee.
- Increase in Planning and Zoning through department combination from Building Inspections.
- Increase in transfers to the Emergency Communications Fund.
- Increase in Emergency Medical Services agreement with an additional ambulance.
- Increase in Indigent Health Care from increase in the value of a mill per the contracted agreement.
- Increase in contingencies to help with unknown expenditures.

These items were taken into account when adopting the General Fund budget for 2026.

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

Requests for Information

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

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,244,819	\$ 243,634	\$ 23,488,453
Restricted cash and investments	-	-	-
Investments	5,160,785	-	5,160,785
Taxes receivable	16,439	-	16,439
Accounts receivable, net of allowances	259,879	-	259,879
Inventories	-	-	-
Due from other governments	927,897	-	927,897
Internal balances	(43,204)	43,204	-
Prepaid items	457,536	-	457,536
Net OPEB asset	-	-	-
Land held for resale	-	-	-
Capital assets, non-depreciable	1,503,668	544,695	2,048,363
Capital assets, depreciable, net of accumulated depreciation	42,791,730	93,043	42,884,773
Total assets	74,319,549	924,576	75,244,125
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	-	-	-
OPEB related	-	-	-
Total deferred outflows of resources	-	-	-
LIABILITIES			
Accounts payable	538,220	53,431	591,651
Accrued liabilities	508,469	-	508,469
Due to other governments	373,459	-	373,459
Note payable due within one year	-	-	-
Note payable due in more than one year	-	-	-
Lease liabilities, due within one year	-	-	-
Lease liabilities, due in more than one year	-	-	-
Financed purchases due within one year	246,164	-	246,164
SBITA liability due within one year	54,452	-	54,452
SBITA liability due in more than one year	54,976	-	54,976
General obligation bonds due within one year	1,930,000	-	1,930,000
General obligation bonds due in more than one year	1,945,000	-	1,945,000
Compensated absences due within one year	334,905	-	334,905
Compensated absences due in more than one year	334,904	-	334,904
Net pension liability	-	-	-
Accrued closure/postclosure care costs due in more than one year	-	2,538,100	2,538,100
Total liabilities	6,320,549	2,591,531	8,912,080
DEFERRED INFLOWS OF RESOURCES			
Pension related	-	-	-
OPEB related	-	-	-
Total deferred inflows of resources	-	-	-

Component Units			
Health Department	Library	Development Authority	Hospital Authority
\$ 719,097	\$ 347,998	\$ 3,977,746	\$ 446,472
-	-	-	21
-	150,183	-	-
-	-	-	-
1,732	55	-	6,167,129
-	-	-	1,217,088
-	-	-	-
-	-	-	-
-	-	8,332	160,721
106,361	-	-	-
-	-	3,442,001	-
-	39,025	79,178	255,787
44,964	221,228	457,979	15,279,256
872,154	758,489	7,965,236	23,526,474
155,489	41,468	-	-
54,823	-	-	-
210,312	41,468	-	-
11,143	1,369	15,532	14,267,992
-	2,143	-	3,154,046
-	-	-	-
-	-	-	1,048,399
-	-	-	8,467,241
-	-	-	219,679
-	-	-	247,539
-	-	-	-
-	-	-	309,966
-	-	-	231,562
-	-	-	-
-	-	-	-
47,300	-	-	-
12,393	-	-	-
566,289	130,558	-	-
-	-	-	-
637,125	134,070	15,532	27,946,424
78,671	21,330	-	-
42,339	-	-	-
121,010	21,330	-	-

(continued)

STEPHENS COUNTY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2025

NET POSITION	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets	\$ 40,007,370	\$ 637,738	\$ 40,645,108
Restricted for:			
Capital improvements	6,241,417	-	6,241,417
Judicial programs	540,116	-	540,116
Public safety	276,629	-	276,629
Health and welfare	295,714	-	295,714
Other purposes	-	-	-
OPEB	-	-	-
Unrestricted (deficit)	20,637,754	(2,304,693)	18,333,061
Total net position	<u>\$ 67,999,000</u>	<u>\$ (1,666,955)</u>	<u>\$ 66,332,045</u>

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

Component Units			
Health Department	Library	Development Authority	Hospital Authority
\$ 44,964	\$ 260,253	\$ 537,157	\$ 5,010,678
-	-	1,741,617	-
-	-	-	-
-	-	-	-
-	-	-	-
-	14,204	667,071	26,592
106,361	-	-	-
173,006	370,100	5,003,859	(9,457,220)
<u>\$ 324,331</u>	<u>\$ 644,557</u>	<u>\$ 7,949,704</u>	<u>\$ (4,419,950)</u>

STEPHENS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,359,221	\$ 1,201,762	\$ 1,358,478	\$ 536,623
Judicial	2,298,986	518,779	26,651	-
Public safety	9,566,096	1,425,556	7,170	6,625
Public works	2,321,070	-	1,688	1,589,229
Health and welfare	2,783,408	20,347	-	-
Recreation	1,289,160	181,571	-	-
Housing and development	511,245	-	-	-
Intergovernmental	1,852,399	-	-	-
Miscellaneous	190,617	-	-	-
Interest on long-term debt	55,600	-	-	-
Total governmental activities	<u>30,227,802</u>	<u>3,348,015</u>	<u>1,393,987</u>	<u>2,132,477</u>
Business-type activities:				
Solid waste management	527,599	6,740	-	-
Total business-type activities	<u>527,599</u>	<u>6,740</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 30,755,401</u>	<u>\$ 3,354,755</u>	<u>\$ 1,393,987</u>	<u>\$ 2,132,477</u>
Component units:				
Health Department	\$ 876,400	\$ 260,994	\$ 568,823	\$ -
Library	375,893	18,762	16,405	-
Development Authority	462,767	23,550	894,601	-
Hospital Authority	52,728,560	49,708,246	-	-
Total component units	<u>\$ 54,443,620</u>	<u>\$ 50,011,552</u>	<u>\$ 1,479,829</u>	<u>\$ -</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				
Restatement - change in accounting principle				
Net position (deficit), beginning of year, 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	Hospital Authority
\$ (6,262,358)	\$ -	\$ (6,262,358)	\$ -	\$ -	\$ -	\$ -
(1,753,556)	-	(1,753,556)	-	-	-	-
(8,126,745)	-	(8,126,745)	-	-	-	-
(730,153)	-	(730,153)	-	-	-	-
(2,763,061)	-	(2,763,061)	-	-	-	-
(1,107,589)	-	(1,107,589)	-	-	-	-
(511,245)	-	(511,245)	-	-	-	-
(1,852,399)	-	(1,852,399)	-	-	-	-
(190,617)	-	(190,617)	-	-	-	-
(55,600)	-	(55,600)	-	-	-	-
(23,353,323)	-	(23,353,323)	-	-	-	-
-	(520,859)	(520,859)	-	-	-	-
-	(520,859)	(520,859)	-	-	-	-
\$ (23,353,323)	\$ (520,859)	\$ (23,874,182)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (46,583)	\$ -	\$ -	\$ -
-	-	-	-	(340,726)	-	-
-	-	-	-	-	455,384	-
-	-	-	-	-	-	(3,020,314)
\$ -	\$ -	\$ -	\$ (46,583)	\$ (340,726)	\$ 455,384	\$ (3,020,314)
\$ 13,696,950	\$ -	\$ 13,696,950	\$ -	\$ -	\$ -	\$ -
9,542,580	-	9,542,580	-	-	-	-
1,732,070	-	1,732,070	-	-	-	-
-	-	-	-	285,600	-	4,879,103
990,172	49	990,221	-	13,119	81,933	14,600
-	-	-	-	-	284,367	-
-	-	-	-	-	7,929	-
(663,437)	663,437	-	-	-	-	-
25,298,335	663,486	25,961,821	-	298,719	374,229	4,893,703
1,945,012	142,627	2,087,639	(46,583)	(42,007)	829,613	1,873,389
66,339,182	(1,809,582)	64,529,600	370,914	686,564	-	(6,293,339)
(285,194)	-	(285,194)	-	-	-	-
66,053,988	(1,809,582)	64,244,406	370,914	686,564	7,120,091	(6,293,339)
\$ 67,999,000	\$ (1,666,955)	\$ 66,332,045	\$ 324,331	\$ 644,557	\$ 7,949,704	\$ (4,419,950)

STEPHENS COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2025

	General	American Rescue Plan Fund	Grant Fund	SPLOST	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 15,544,850	\$ -	\$ 17,733	\$ 6,077,436	\$ 1,604,800	\$ 23,244,819
Investments	5,160,785	-	-	-	-	5,160,785
Taxes receivable	4,291	-	-	-	12,148	16,439
Accounts receivable	170,416	-	6,525	-	82,938	259,879
Due from other governments	388,465	-	-	535,189	4,243	927,897
Due from other funds	121,443	-	1,941,853	2,251	910,746	2,976,293
Prepaid items	457,536	-	-	-	-	457,536
Total assets	<u>\$ 21,847,786</u>	<u>\$ -</u>	<u>\$ 1,966,111</u>	<u>\$ 6,614,876</u>	<u>\$ 2,614,875</u>	<u>\$ 33,043,648</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 282,683	\$ -	\$ 179,007	\$ -	\$ 76,530	\$ 538,220
Accrued liabilities	489,293	-	-	-	-	489,293
Due to other funds	2,898,054	-	-	-	121,443	3,019,497
Due to other governments	-	-	-	373,459	-	373,459
Total liabilities	<u>3,670,030</u>	<u>-</u>	<u>179,007</u>	<u>373,459</u>	<u>197,973</u>	<u>4,420,469</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>3,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,971</u>
Total deferred inflows of resources	<u>3,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,971</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	457,536	-	-	-	-	457,536
Restricted for:						
Judicial programs	-	-	-	-	540,116	540,116
Public safety	-	-	-	-	276,629	276,629
Capital improvements	-	-	-	6,241,417	-	6,241,417
Health and welfare	-	-	-	-	295,714	295,714
Assigned for:						
Landfill postclosure care costs	2,538,100	-	-	-	-	2,538,100
Jail commissary activities	-	-	-	-	24,317	24,317
Allowable grant expenditures	-	-	1,787,104	-	-	1,787,104
Capital improvements	3,466,317	-	-	-	1,280,126	4,746,443
Unassigned	<u>11,711,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,711,832</u>
Total fund balances	<u>18,173,785</u>	<u>-</u>	<u>1,787,104</u>	<u>6,241,417</u>	<u>2,416,902</u>	<u>28,619,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,847,786</u>	<u>\$ -</u>	<u>\$ 1,966,111</u>	<u>\$ 6,614,876</u>	<u>\$ 2,614,875</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.

44,295,398

Other long-term assets are not available to pay for current period
expenditures and, therefore, are deferred in the funds.

3,971

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the funds.

(4,919,577)

Net position of governmental activities

\$ 67,999,000

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, 2025

	Major Funds				Nonmajor Governmental Funds	Total
	General	American Rescue Plan Fund	Grant Fund	SPLOST		
Revenues:						
Property taxes	\$ 13,693,918	\$ -	\$ -	\$ -	\$ -	\$ 13,693,918
Sales taxes	3,708,253	-	-	5,834,327	-	9,542,580
Other taxes	1,619,086	-	-	-	112,984	1,732,070
Licenses and permits	226,994	-	-	-	-	226,994
Intergovernmental	1,761,335	536,623	1,364,724	-	1,688	3,664,370
Rents and royalties	6,600	-	-	-	-	6,600
Charges for services	1,012,454	-	-	-	708,608	1,721,062
Fines and forfeitures	518,779	-	-	-	233,968	752,747
Interest	988,810	81	-	231,130	1,281	1,221,302
Other revenues	241,113	-	29,351	-	1,112	271,576
Total revenues	<u>23,777,342</u>	<u>536,704</u>	<u>1,394,075</u>	<u>6,065,457</u>	<u>1,059,641</u>	<u>32,833,219</u>
Expenditures:						
Current:						
General government	5,255,276	45,196	-	-	530	5,301,002
Judicial	2,141,724	-	-	-	99,785	2,241,509
Public safety	7,085,315	-	-	-	477,002	7,562,317
Public works	2,157,403	-	-	-	-	2,157,403
Health and welfare	2,683,878	-	-	-	-	2,683,878
Culture and recreation	893,422	-	-	-	73,278	966,700
Housing and development	511,245	-	-	-	-	511,245
Intergovernmental	-	-	-	1,852,399	-	1,852,399
Capital outlay	-	248,913	699,847	3,011,319	2,150,304	6,110,383
Miscellaneous	-	-	188,637	1,980	-	190,617
Debt service:						
Principal	-	-	-	2,035,772	55,503	2,091,275
Interest	-	-	-	65,080	-	65,080
Total expenditures	<u>20,728,263</u>	<u>294,109</u>	<u>888,484</u>	<u>6,966,550</u>	<u>2,856,402</u>	<u>31,733,808</u>
Excess (deficiency) of revenues over expenditures	<u>3,049,079</u>	<u>242,595</u>	<u>505,591</u>	<u>(901,093)</u>	<u>(1,796,761)</u>	<u>1,099,411</u>
Other financing sources (uses):						
Proceeds from sale of asset	20,801	-	-	-	-	20,801
Issuance of SBITA	-	-	-	-	164,931	164,931
Transfers in	139,706	-	-	-	1,996,870	2,136,576
Transfers out	(2,413,437)	(246,870)	-	-	(139,706)	(2,800,013)
Total other financing sources (uses)	<u>(2,252,930)</u>	<u>(246,870)</u>	<u>-</u>	<u>-</u>	<u>2,022,095</u>	<u>(477,705)</u>
Net change in fund balances	796,149	(4,275)	505,591	(901,093)	225,334	621,706
Fund balances, beginning of year	<u>17,377,636</u>	<u>4,275</u>	<u>1,281,513</u>	<u>7,142,510</u>	<u>2,191,568</u>	<u>27,997,502</u>
Fund balance, end of year	<u>\$ 18,173,785</u>	<u>\$ -</u>	<u>\$ 1,787,104</u>	<u>\$ 6,241,417</u>	<u>\$ 2,416,902</u>	<u>\$ 28,619,208</u>

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

STEPHENS COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Net change in fund balances - total governmental funds	\$ 621,706
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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.	(528,177)
The net effect of various miscellaneous transactions (i.e., sales, disposals, and donations) is to decrease net position.	(58,118)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	3,032
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.	1,926,344
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest	9,480
Change in compensated absences	(29,255)
Change in net position - governmental activities	<u><u>\$ 1,945,012</u></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, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 13,372,762	\$ 13,570,362	\$ 13,693,918	\$ 123,556
Sales taxes	3,480,000	3,710,000	3,708,253	(1,747)
Other taxes	1,546,000	1,628,000	1,619,086	(8,914)
Licenses and permits	165,000	230,000	226,994	(3,006)
Intergovernmental	884,200	1,892,600	1,761,335	(131,265)
Rents and royalties	6,600	6,600	6,600	-
Charges for services	857,000	980,110	1,012,454	32,344
Fines and forfeitures	484,000	519,000	518,779	(221)
Investment income (loss)	330,000	1,038,668	988,810	(49,858)
Other revenues	196,000	219,190	241,113	21,923
Total revenues	21,321,562	23,794,530	23,777,342	(17,188)
Expenditures:				
Current:				
General government:				
General administration	3,978,606	4,183,164	4,140,240	42,924
Registrar/elections	260,487	260,487	241,264	19,223
Tax commissioner	468,027	492,250	484,971	7,279
Tax assessor	480,493	488,117	388,801	99,316
Total general government	5,187,613	5,424,018	5,255,276	168,742
Judicial:				
Clerk of courts	674,885	721,175	721,175	-
Superior court	203,923	203,923	159,897	44,026
District attorney	370,312	324,022	233,735	90,287
Indigent defense	362,260	294,260	293,889	371
State court	203,612	201,133	201,129	4
Magistrate court	85,154	86,954	86,326	628
Probate court	286,334	286,334	284,093	2,241
Juvenile court	133,285	161,484	161,480	4
Total judicial	2,319,765	2,279,285	2,141,724	137,561
Public safety:				
Sheriff's office	3,191,801	3,827,773	3,827,734	39
Jail operations	2,347,063	2,347,063	2,314,116	32,947
Coroner	56,403	56,403	52,308	4,095
Emergency management	133,921	133,931	133,929	2
Probation office	1,650	1,650	1,497	153
Animal control	189,535	189,535	189,535	-
Rural fire protection	485,000	527,103	566,196	(39,093)
Total public safety	6,405,373	7,083,458	7,085,315	(1,857)
Public works:				
Public works department	1,767,467	2,315,576	2,157,403	158,173
Total public works	1,767,467	2,315,576	2,157,403	158,173

(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, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures (Continued):				
Current (Continued):				
Health and welfare:				
Public welfare	\$ 33,000	\$ 33,000	\$ 29,542	\$ 3,458
Health and human services	2,445,652	2,446,288	2,349,248	97,040
Senior citizens center	301,518	305,118	305,088	30
Total health and welfare	<u>2,780,170</u>	<u>2,784,406</u>	<u>2,683,878</u>	<u>100,528</u>
Culture and recreation:				
Parks and recreation	632,289	632,289	607,822	24,467
Library	285,600	285,600	285,600	-
Total culture and recreation	<u>917,889</u>	<u>917,889</u>	<u>893,422</u>	<u>24,467</u>
Housing and development:				
County agent's office	81,594	81,594	36,696	44,898
Planning and zoning	14,335	14,335	13,672	663
Economic development	249,000	249,000	249,000	-
Building inspection	121,599	175,599	175,337	262
Payments to other agencies	210,475	78,238	36,540	41,698
Total housing and development	<u>677,003</u>	<u>598,766</u>	<u>511,245</u>	<u>87,521</u>
Total expenditures	<u>20,055,280</u>	<u>21,403,398</u>	<u>20,728,263</u>	<u>675,135</u>
Excess of revenues over expenditures	<u>1,266,282</u>	<u>2,391,132</u>	<u>3,049,079</u>	<u>657,947</u>
Other Financing Sources (Uses):				
Proceeds from sale of asset	10,000	21,000	20,801	(199)
Transfers in	115,201	117,201	139,706	22,505
Transfers out	<u>(1,254,483)</u>	<u>(2,425,919)</u>	<u>(2,413,437)</u>	<u>12,482</u>
Total other financing sources (uses)	<u>(1,129,282)</u>	<u>(2,287,718)</u>	<u>(2,252,930)</u>	<u>34,788</u>
Net change in fund balance	137,000	103,414	796,149	692,735
Fund balance, beginning of year	<u>17,377,636</u>	<u>17,377,636</u>	<u>17,377,636</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17,514,636</u>	<u>\$ 17,481,050</u>	<u>\$ 18,173,785</u>	<u>\$ 692,735</u>

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

STEPHENS COUNTY, GEORGIA
AMERICAN RESCUE PLAN FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 536,623	\$ 536,623	\$ 536,623	\$ -
Interest	-	-	81	81
Total revenues	<u>536,623</u>	<u>536,623</u>	<u>536,704</u>	<u>81</u>
Expenditures:				
Current:				
General government	113,198	113,198	45,196	68,002
Capital outlay	423,425	423,425	248,913	174,512
Total expenditures	<u>536,623</u>	<u>536,623</u>	<u>294,109</u>	<u>242,514</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>242,595</u>	<u>242,595</u>
Other Financing Uses:				
Transfers out	-	-	(246,870)	(246,870)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(246,870)</u>	<u>(246,870)</u>
Net change in fund balance	-	-	(4,275)	(4,275)
Fund balance, beginning of year	<u>4,275</u>	<u>4,275</u>	<u>4,275</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,275</u>	<u>\$ 4,275</u>	<u>\$ -</u>	<u>\$ (4,275)</u>

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

STEPHENS COUNTY, GEORGIA
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 150,000	\$ 1,438,500	\$ 1,364,724	\$ (73,776)
Other revenues	30,020	30,020	29,351	(669)
Total revenues	<u>180,020</u>	<u>1,468,520</u>	<u>1,394,075</u>	<u>(74,445)</u>
Expenditures:				
Current:				
Miscellaneous	180,020	296,520	188,637	107,883
Capital outlay	926,000	2,098,000	699,847	1,398,153
Total expenditures	<u>1,106,020</u>	<u>2,394,520</u>	<u>888,484</u>	<u>1,506,036</u>
Excess (deficiency) of revenues over expenditures	<u>(926,000)</u>	<u>(926,000)</u>	<u>505,591</u>	<u>1,431,591</u>
Net change in fund balance	(926,000)	(926,000)	505,591	1,431,591
Fund balance, beginning of year	<u>1,281,513</u>	<u>1,281,513</u>	<u>1,281,513</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 355,513</u></u>	<u><u>\$ 355,513</u></u>	<u><u>\$ 1,787,104</u></u>	<u><u>\$ 1,431,591</u></u>

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

STEPHENS COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Solid Waste Management Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 243,634
Due from other funds	43,204
Total current assets	<u>286,838</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable assets	544,695
Depreciable assets	592,806
Less accumulated depreciation	<u>(499,763)</u>
Total capital assets net of accumulated depreciation	<u>637,738</u>
Total assets	<u>924,576</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>53,431</u>
Total current liabilities	<u>53,431</u>
Long-term liabilities:	
Accrued closure/postclosure care costs	<u>2,538,100</u>
Total long-term liabilities	<u>2,538,100</u>
Total liabilities	<u>2,591,531</u>
NET POSITION	
Investment in capital assets	637,738
Unrestricted (deficit)	<u>(2,304,693)</u>
Total net position (deficit)	<u>\$ (1,666,955)</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, 2025

	Solid Waste Management Fund
OPERATING REVENUES	
Charges for services:	
Miscellaneous	\$ 6,740
Total operating revenues	<u>6,740</u>
OPERATING EXPENSES	
Administrative	81,084
Supplies and maintenance	14,218
Utilities	7,868
Contractual services	386,970
Depreciation	24,022
Indirect costs	13,437
Total operating expenses	<u>527,599</u>
Operating loss	<u>(520,859)</u>
NON-OPERATING REVENUE	
Interest income	49
Total non-operating revenue	<u>49</u>
Loss before transfers	(520,810)
Transfer in	<u>663,437</u>
Change in net position	142,627
NET POSITION (DEFICIT), beginning of year	<u>(1,809,582)</u>
NET POSITION (DEFICIT), end of year	<u><u>\$ (1,666,955)</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, 2025

	Solid Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts	\$ 6,740
Payments to suppliers and service providers	(352,050)
Payments to employees	(81,084)
	<u>(426,394)</u>
Net cash used in operating activities	<u>(426,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	49
	<u>49</u>
Net cash provided by investing activities	<u>49</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(39,799)
	<u>(39,799)</u>
Net cash used in capital financing activities	<u>(39,799)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	663,437
	<u>663,437</u>
Net cash provided by noncapital financing activities	<u>663,437</u>
Net increase in cash and cash equivalents	197,293
Cash and cash equivalents:	
Beginning of year	46,341
End of year	<u>\$ 243,634</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (520,859)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	24,022
Decrease in due from other funds	23,386
Decrease in accounts payable	(12,430)
Increase in closure/postclosure payable	59,487
	<u>59,487</u>
Net cash used in operating activities	<u>\$ (426,394)</u>

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

ASSETS	Custodial Funds
Cash and cash equivalents	\$ 1,444,971
Taxes receivable	4,620
Total assets	\$ 1,449,591
LIABILITIES	
Due to others	\$ 897,674
Uncollected taxes	4,620
Total liabilities	\$ 902,294
NET POSITION	
Restricted:	
Individuals, organizations, and other governments	\$ 547,297
Total net position	\$ 547,297

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**STEPHENS COUNTY, GEORGIA
STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

ADDITIONS	Custodial Funds
Taxes	\$ 30,538,684
Fines and fees	3,934,760
Total additions	34,473,444
DEDUCTIONS	
Taxes and fees paid to other governments	30,538,684
Other custodial disbursements	3,623,243
Total deductions	34,161,927
Net decrease in fiduciary net position	311,517
Net position, beginning of year	\$ 235,780
Net position, end of year	\$ 547,297

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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

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

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

The Stephens County Hospital Authority (the "Hospital Authority") is governed by a seven-member board appointed by the County Commissioners. The Hospital Authority and the County have entered into an intergovernmental agreement whereby the County will levy an annual tax, if necessary, to provide sufficient funds to the Hospital Authority to make its debt service payments should the Hospital Authority be unable to make the payments from its revenues. The Hospital Authority has a September 30th year end and is presented as a business-type component unit.

The Authority's financial statements can be obtained by writing to the Stephens County Hospital Authority, 163 Hospital Drive, Toccoa, Georgia 30577.

B. Government-Wide and Fund Financial Statements

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

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

The **American Rescue Plan Fund** is used to account for the collection and expenditures of the American Rescue Plan grants received by the County.

The **Grants Fund** is used to account for proceeds from various federal and state grants and the eligible costs incurred with the grant funding.

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

The **Custodial 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.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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 all Special Revenue Funds. 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 Funds 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.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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" If and when applicable, long-term interfund loans are classified as "advances." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Prepaid Items

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

H. Capital Assets

Capital assets, which include property, plant, equipment, right to use, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets, the County chose to include all items regardless of their acquisition date. Donated capital assets are recorded at estimated acquisition 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.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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
Right-to-use SBITA assets	3

I. Land Held for Resale – Component Unit

The Development Authority owns real estate, valued at cost of \$3,442,001, which is available for sale to new industries.

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick pay is accumulated in accordance with GASB Statement No. 101 and an estimate for the time to be used during employment has been accrued. A liability for the estimated sick leave has been accrued in the government-wide financial statements. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

K. Long-Term Obligations

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County did not have any items that required reporting in this category.

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

M. Subscription-Based Information Technology Arrangements (SBITAs)

The County is a subscriber in a subscription-based information technology arrangement. The County recognizes a subscription liability and an intangible right-to-use asset in the government-wide financial statements. The County recognizes SBITA liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-based Information Technology Arrangements (SBITAs) (Continued)

Key estimates and judgments related to SBITAs include how the County determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments:

- The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and liabilities are reported with long-term debt on the statement of net position.

N. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

- **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 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.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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 deferred outflows or resources and liabilities and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

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

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

The Governmental Fund Balance Sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

General obligation bonds payable	\$ (3,875,000)
Financed purchases	(246,164)
SBITA	(109,428)
Accrued interest payable	(19,176)
Compensated absences	<u>(669,809)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (4,919,577)</u></u>

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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

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/amortization expense.” The details of this difference are as follows:

Capital outlay	\$ 2,389,288
Depreciation/amortization expense	<u>(2,917,465)</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>\$ (528,177)</u>

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

Principal repayments:	
Bonds payable	\$ 1,910,000
Financed purchases	125,772
SBITA	55,503
Issuance of SBITA	<u>(164,931)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 1,926,344</u>

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to May 1, the department heads submit to the county administrator a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Administrator for study.
2. Public hearings are conducted at regular Commission meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
3. Prior to July 1, the budget is legally adopted by the Board of Commissioners through the passage of a resolution.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds. Additionally, an annual budget is adopted for the SPLOST Fund and the Capital Projects Funds.
6. The budgets for the General Fund and the Special Revenue Funds are adopted on a basis consistent with GAAP and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on June 27, 2024, or as amended by the Board of Commissioners. The supplementary budgetary appropriations made were not significant.

Rural fire protection department had an excess of actual expenditures over appropriations of \$39,093 as of June 30, 2025. The excess was funded by savings in other departments.

B. Deficit Net Position

The Solid Waste Management Fund reported a deficit net position of \$1,666,955 as of June 30, 2025. It is anticipated that the deficit will be reduced by future transfers from the General Fund.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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, 2025, the County's deposits were insured and/or collateralized as defined by state statutes and GASB pronouncements. Additionally, as June 30, 2025, the County had deposits with one (1) financial institution collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2025, all of the County's deposits with financial institutions were insured and/or collateralized as required by State statutes.

Fair value measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

At June 30, 2025 the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		Rating
		Less than 1	1 - 5	
U.S. Government Securities	\$ 5,160,785	\$ 795,574	\$ 4,365,211	AAA

All of the investments are classified as Level 1 investments.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 5. RECEIVABLES

Receivables at June 30, 2025, for the County's individual major and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Grant Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 4,291	\$ -	\$ -	\$ 12,148	\$ 16,439
Other governments	388,465	-	535,189	4,243	927,897
Accounts	170,416	6,525	-	82,938	259,879
Net receivables	<u>\$ 563,172</u>	<u>\$ 6,525</u>	<u>\$ 535,189</u>	<u>\$ 99,329</u>	<u>\$ 1,204,215</u>

Property taxes were levied on July 23, 2024. Bills are payable on or before November 15, 2024, after which the applicable property is subject to lien. The County bills and collects its own property taxes. Property taxes levied for 2025 are recorded as receivables. The receivables collected during the year ended June 30, 2025, and collected by August 31, 2025, are recognized as revenues in the year ended June 30, 2025.

Net receivables estimated to be collected subsequent to August 31, 2025 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles and remaining receivables are reevaluated annually. Property taxes are attached as an enforceable lien on property as of January 1, 2025.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,107,407	\$ -	\$ -	\$ -	\$ 1,107,407
Construction in progress	32,557	396,261	(32,557)	-	396,261
Total capital assets, not being depreciated/amortized	1,139,964	396,261	(32,557)	-	1,503,668
Capital assets, being depreciated/amortized:					
Infrastructure	59,614,141	-	-	-	59,614,141
Buildings	32,512,615	134,040	-	-	32,646,655
Machinery and equipment	10,159,263	1,097,893	(11,333)	-	11,245,823
Vehicles	11,839,446	596,163	(345,011)	-	12,090,598
Right-to-use SBITA assets	-	164,931	-	-	164,931
Total capital assets, being depreciated/amortized	114,125,465	1,993,027	(356,344)	-	115,762,148
Less accumulated depreciation/amortization for:					
Infrastructure	41,000,750	718,199	-	-	41,718,949
Buildings	14,039,449	739,647	-	-	14,779,096
Machinery and equipment	8,433,127	656,922	(11,333)	-	9,078,716
Vehicles	6,910,410	747,720	(319,450)	-	7,338,680
Right-to-use SBITA assets	-	54,977	-	-	54,977
Total accumulated depreciation/amortization	70,383,736	2,917,465	(330,783)	-	72,970,418
Total capital assets, being depreciated/amortized, net	43,741,729	(924,438)	(25,561)	-	42,791,730
Governmental activities capital assets, net	\$ 44,881,693	\$ (528,177)	\$ (58,118)	\$ -	\$ 44,295,398

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated					
Land	\$ 544,695	\$ -	\$ -	\$ -	\$ 544,695
Total capital assets not being depreciated	544,695	-	-	-	544,695
Capital assets, being depreciated:					
Buildings	56,903	-	-	-	56,903
Machinery and equipment	475,295	-	-	-	475,295
Vehicles	20,809	39,799	-	-	60,608
Total capital assets, being depreciated	553,007	39,799	-	-	592,806
Less accumulated depreciation for:					
Buildings	38,498	1,138	-	-	39,636
Machinery and equipment	420,821	18,423	-	-	439,244
Vehicles	16,422	4,461	-	-	20,883
Total accumulated depreciation	475,741	24,022	-	-	499,763
Total capital assets being depreciated, net	77,266	15,777	-	-	93,043
Business-type activities capital assets, net	\$ 621,961	\$ 15,777	\$ -	\$ -	\$ 637,738

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

Governmental activities:	
General government	\$ 1,765,514
Judicial	29,221
Public safety	863,031
Public works	73,053
Health and welfare	43,832
Culture and recreation	142,814
Total depreciation/amortization expense - governmental activities	\$ 2,917,465
Business-type activities:	
Solid waste management	\$ 24,022

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2025:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 5,785,000	\$ -	\$ (1,910,000)	\$ 3,875,000	\$ 1,930,000
Financed purchases from direct borrowings	371,936	-	(125,772)	246,164	246,164
SBITA liability	-	164,931	(55,503)	109,428	54,452
Compensated absences*	640,554	29,255	-	669,809	334,905
Governmental activities long-term liabilities	<u>\$ 6,797,490</u>	<u>\$ 194,186</u>	<u>\$ (2,091,275)</u>	<u>\$ 4,900,401</u>	<u>\$ 2,565,521</u>
Business-type activities:					
Landfill closure/postclosure	\$ 2,478,613	\$ 59,487	\$ -	\$ 2,538,100	\$ -
Business-type activities long-term liabilities	<u>\$ 2,478,613</u>	<u>\$ 59,487</u>	<u>\$ -</u>	<u>\$ 2,538,100</u>	<u>\$ -</u>

* The change in compensated absences liability is reported as a net change.

Beginning balances of the compensated absences liability have been restated due to the implementation of GASB Statement No. 101 by the County. See Note 14.

General Obligation Bonds. In March 2020, the County issued \$11,000,000 in general obligation sales tax bonds to provide funds for the acquisition and construction of major capital items, with repayment derived from special purpose local option sales tax collections. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The interest rate on the general obligation sales tax bonds is 0.98%. The outstanding balance at June 30, 2025 is \$3,875,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,930,000	\$ 28,518	\$ 1,958,518
2027	1,945,000	9,531	1,954,531
Total	<u>\$ 3,875,000</u>	<u>\$ 38,049</u>	<u>\$ 3,913,049</u>

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 7. LONG-TERM DEBT (CONTINUED)

Financed Purchases from Direct Borrowings. The County has entered into financed purchase agreements in the amount of \$824,672 for financing the acquisition of various equipment. Monthly principal and interest payments are required until maturity on September 14, 2025 at an interest rate of 0.35%.

The cost and related accumulated depreciation of assets under the purchase agreements at June 30, 2025 are as follows:

	Governmental Activities
Equipment	\$ 824,672
Less accumulated depreciation	<u>(659,738)</u>
	<u><u>\$ 164,934</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2026	<u>\$ 246,164</u>	<u>\$ 1,019</u>	<u>\$ 247,183</u>

Subscription-Based Information Technology Arrangements (SBITAs). In July 2024, the County entered into a subscription-based information technology arrangement for the use of accounting software for a term of three (3) years. The initial subscription liability was recorded in the amount of \$164,931. As of June 30, 2025, the value of the subscription liability was \$109,428. The County is required to make annual principal and interest payments of \$55,503. The subscription does not have a specified interest rate. The County used its incremental borrowing rate of 0.96%. The subscription has a useful life equal to the remaining subscription term of two (2) years and the value of the right-to-use asset as of the end of the current fiscal year was \$164,931 and had accumulated amortization of \$54,977.

Year Ending June 30,	Principal	Interest	Total
2026	<u>\$ 54,452</u>	<u>\$ 1,051</u>	<u>\$ 55,503</u>
2027	<u>54,976</u>	<u>528</u>	<u>55,504</u>
Total	<u><u>\$ 109,428</u></u>	<u><u>\$ 1,579</u></u>	<u><u>\$ 111,007</u></u>

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill postclosure costs. Effective February 2016, the County's landfill was closed and no additional waste has been accepted. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. The total estimated liability for postclosure care is \$2,538,100 at June 30, 2025. These costs are based on what it would cost to perform all postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during this period, the costs and time period required for maintenance and monitoring functions may increase.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 121,443
Solid Waste Management Fund	General Fund	43,204
SPLOST Fund	General Fund	2,251
Grant Fund	General Fund	1,941,853
Nonmajor Governmental Funds	General Fund	910,746
		<u>\$ 3,019,497</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, 3) payments between funds are made, and 4) for allowable costs incurred in the SPLOST Fund that were ultimately charged to the General Fund.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 139,706
Nonmajor Governmental Funds	General Fund	1,750,000
Nonmajor Governmental Funds	ARPA Fund	246,870
Solid Waste Management Fund	General Fund	663,437
		<u>\$ 2,800,013</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, (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to transfer ARPA funding to the fund where the allowable costs of the grant were incurred.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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 2.4% of the Plan year covered compensation of all qualifying participants which totaled 202 at June 30, 2025. For the fiscal year ended June 30, 2025, the County's contribution to the Plan was \$166,800. Employee voluntary contributions are not allowed under provisions of the Plan.

	<u>Amount</u>	<u>Percent of Covered-Payroll</u>
Contributions made by County	\$ 166,800	1.82%
Total covered payroll	\$ 9,163,352	

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

The County has established two deferred compensation plans under Internal Revenue Code Section 457(g) which cover substantially all eligible employees. The County's fiduciary responsibilities are limited to acting as sponsor of the Plan and as an agent for its participants with respect to contributions and disbursements of benefits. The County has appointed an outside administrator for the plan. The County does not meet the criteria in GASB Statement No. 32 to report the Section 457 Plan, therefore, the Section 457 Plan is not reported in these financial statements.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 10. RISK MANAGEMENT

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

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

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

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

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

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 11. COMMITMENTS AND CONTINGENCIES

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

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

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

Under the terms of intergovernmental agreements entered into simultaneously with the issuance of the 2017 Certificates, the County has agreed to levy an ad valorem property tax on all taxable property located within the County as may be necessary to make the required principal and interest payments, should the Hospital Authority have insufficient funds to make such payments. No such payments by the County were made during the fiscal year ended June 30, 2025.

Contractual Commitments

In addition to the liabilities enumerated in the statement of net position, at June 30, 2025, the County has contractual commitments on uncompleted contracts of \$791,775.

NOTE 12. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission ("RC") and is required to pay annual dues thereto. During the year ended June 30, 2025, the County paid \$22,026 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated ("O.C.G.A.") §50-8-34 which provides for the organizational structure of regional commissions in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §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.

STEPHENS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 13. TAX ABATEMENT AGREEMENTS

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

The Stephens County Board of Commissioners and Stephens County Development Authority Board authorize tax reductions for industries which invest in new facilities that create new jobs in the County. Abatements of real and personal property taxes are provided to the companies based on a criteria calculation which includes targeted industry, capital investment and employment. The abatement may reduce the amount of property taxes paid over seven to twenty-five years. The agreements may contain claw back provisions which would result in the re-payment of the annual tax abatement for each year the Company fails to meet its jobs/investment commitment. For the fiscal year ended June 30, 2025, the County abated property taxes totaling \$346,776.

NOTE 14. ACCOUNTING CHANGES

Change in Accounting Principle

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, the County is required to reevaluate the accounting treatment of compensated absences. The effect of the restatement is shown in the table below.

	Government-Wide
	Governmental Activities
June 30, 2024, as previously reported	\$ 66,339,182
Restatement - change in accounting principle	(285,194)
June 30, 2024, as adjusted	<u>\$ 66,053,988</u>

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.

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.

Opioid Settlement Fund – This fund is used to account for restricted funds received from legal settlements related to the nationwide opioid epidemic.

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.

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

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

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

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

Capital Projects Funds

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, 2025

ASSETS	Special Revenue Funds					
	Jail Fund	Juvenile Supervision Fund	Opioid Settlement Fund	Drug Rehabilitation Fund	Drug Task Force Fund	E911 Fund
Cash and cash equivalents	\$ 19,214	\$ 19,803	\$ -	\$ 470,322	\$ 21,222	\$ 273,157
Accounts receivable	-	-	-	-	-	82,938
Taxes receivable	-	-	-	-	-	-
Due from other governments	2,026	-	-	2,217	-	-
Due from other funds	-	-	295,714	-	-	-
Total assets	<u>\$ 21,240</u>	<u>\$ 19,803</u>	<u>\$ 295,714</u>	<u>\$ 472,539</u>	<u>\$ 21,222</u>	<u>\$ 356,095</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,895	\$ -	\$ -	\$ 547	\$ 2,311	\$ 4,988
Due to other funds	-	-	-	5,457	-	111,734
Total liabilities	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>6,004</u>	<u>2,311</u>	<u>116,722</u>
FUND BALANCES						
Restricted for:						
Judicial programs	-	19,803	-	466,535	-	-
Public safety	18,345	-	-	-	18,911	239,373
Health and welfare	-	-	295,714	-	-	-
Assigned for:						
Jail commissary activity	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Total fund balances	<u>18,345</u>	<u>19,803</u>	<u>295,714</u>	<u>466,535</u>	<u>18,911</u>	<u>239,373</u>
Total liabilities and fund balances	<u>\$ 21,240</u>	<u>\$ 19,803</u>	<u>\$ 295,714</u>	<u>\$ 472,539</u>	<u>\$ 21,222</u>	<u>\$ 356,095</u>

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Capital Project Funds	Total Nonmajor Governmental Funds
			Capital Projects Fund	
\$ 24,317	\$ -	\$ 54,235	\$ 722,530	\$ 1,604,800
-	-	-	-	82,938
-	12,148	-	-	12,148
-	-	-	-	4,243
-	-	-	615,032	910,746
<u>\$ 24,317</u>	<u>\$ 12,148</u>	<u>\$ 54,235</u>	<u>\$ 1,337,562</u>	<u>\$ 2,614,875</u>
\$ -	\$ 7,896	\$ 457	\$ 57,436	\$ 76,530
-	4,252	-	-	121,443
-	12,148	457	57,436	197,973
-	-	53,778	-	540,116
-	-	-	-	276,629
-	-	-	-	295,714
24,317	-	-	-	24,317
-	-	-	1,280,126	1,280,126
<u>24,317</u>	<u>-</u>	<u>53,778</u>	<u>1,280,126</u>	<u>2,416,902</u>
<u>\$ 24,317</u>	<u>\$ 12,148</u>	<u>\$ 54,235</u>	<u>\$ 1,337,562</u>	<u>\$ 2,614,875</u>

STEPHENS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Jail Fund	Juvenile Supervision Fund	Opioid Settlement Fund	Drug Rehabilitation Fund	Drug Task Force Fund	E911 Fund
Revenues:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,688	-	-
Charges for services	51,573	-	-	-	-	500,554
Fines and forfeitures	2,906	12,760	142,022	37,684	15,429	-
Interest income	11	-	-	283	-	19
Other revenues	-	-	-	-	-	1,072
Total revenues	<u>54,490</u>	<u>12,760</u>	<u>142,022</u>	<u>39,655</u>	<u>15,429</u>	<u>501,645</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Judicial	-	2,600	-	72,551	-	-
Public safety	50,466	-	248,100	-	15,215	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,160,846
Debt service:						
Principal	-	-	-	-	-	-
Total expenditures	<u>50,466</u>	<u>2,600</u>	<u>248,100</u>	<u>72,551</u>	<u>15,215</u>	<u>1,160,846</u>
Excess (deficiency) of revenues over expenditures	<u>4,024</u>	<u>10,160</u>	<u>(106,078)</u>	<u>(32,896)</u>	<u>214</u>	<u>(659,201)</u>
Other Financing Sources (Uses):						
Issuance of SBITA	-	-	-	-	-	-
Transfers in	-	-	-	-	-	700,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
Net change in fund balances	4,024	10,160	(106,078)	(32,896)	214	40,799
Fund balances, beginning of year	14,321	9,643	401,792	499,431	18,697	198,574
Fund balance, end of year	<u>\$ 18,345</u>	<u>\$ 19,803</u>	<u>\$ 295,714</u>	<u>\$ 466,535</u>	<u>\$ 18,911</u>	<u>\$ 239,373</u>

Jail Commissary Fund	Hotel/Motel Tax Fund	Law Library Fund	Capital Project Funds	Total Nonmajor Governmental Funds
			Capital Projects Fund	
\$ -	\$ 112,984	\$ -	\$ -	\$ 112,984
-	-	-	-	1,688
156,481	-	-	-	708,608
-	-	23,167	-	233,968
-	-	46	922	1,281
-	-	-	40	1,112
156,481	112,984	23,213	962	1,059,641
-	-	-	530	530
-	-	24,634	-	99,785
163,221	-	-	-	477,002
-	73,278	-	-	73,278
-	-	-	989,458	2,150,304
-	-	-	55,503	55,503
163,221	73,278	24,634	1,045,491	2,856,402
(6,740)	39,706	(1,421)	(1,044,529)	(1,796,761)
-	-	-	164,931	164,931
-	-	-	1,296,870	1,996,870
-	(39,706)	-	(100,000)	(139,706)
-	(39,706)	-	1,361,801	2,022,095
(6,740)	-	(1,421)	317,272	225,334
31,057	-	55,199	962,854	2,191,568
\$ 24,317	\$ -	\$ 53,778	\$ 1,280,126	\$ 2,416,902

STEPHENS COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS - 2019 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<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, including road equipment	\$ 8,351,830	\$ 8,351,830	\$ 6,517,157	\$ 1,803,484	\$ 8,320,641
Fire protection assets	1,890,867	2,047,756	2,047,756	-	2,047,756
Economic development	2,434,840	2,434,840	1,980,289	454,551	2,434,840
Ambulance vehicles	750,000	999,115	335,418	663,697	999,115
Sheriff vehicles	1,000,000	1,000,000	602,938	91,567	694,505
Government building upgrades	600,000	600,000	558,952	-	558,952
Recreation department facilities upgrades	363,220	363,220	354,387	-	354,387
Senior center upgrades	300,000	300,000	213,558	-	213,558
Emergency management agency vehicle	34,000	34,000	34,000	-	34,000
City of Toccoa	7,315,180	8,253,850	6,401,451	1,852,399	8,253,850
City of Martin	225,000	225,000	225,000	-	225,000
City of Avalon	50,000	50,000	50,000	-	50,000
	<u>\$ 23,314,937</u>	<u>\$ 24,659,611</u>	<u>\$ 19,320,906</u>	<u>4,865,698</u>	<u>\$ 24,186,604</u>
Debt service payments on equipment already included as an expenditure above				<u>2,100,852</u>	
				<u>\$ 6,966,550</u>	

STEPHENS COUNTY, GEORGIA

SCHEDULE OF SUPPLEMENTAL OFFICIAL INCOME FOR THE FISCAL YEAR ENDED JUNE 30, 2025

<u>County Constitutional Officer</u>	<u>Supplemental Income Type</u>	<u>Amount Collected</u>	<u>Amount Disbursed</u>	<u>Amount Retained by County Officer</u>
Tax Commissioner	Sales tax vendors compensation	\$ 1,443	\$ -	\$ 1,443
Probate Court Judge	Vital Records fees	58,695	-	58,695

CUSTODIAL 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.

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 custodial funds are used to account for fines, fees and other monies 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 STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025

<u>ASSETS</u>	Tax Commissioner	Clerk of Courts	Probate Court	Magistrate Court	Jail Inmate	Total
Cash and cash equivalents	\$ 652,448	\$ 591,509	\$ 2,501	\$ 92,420	\$ 106,093	\$ 1,444,971
Taxes receivable	4,620	-	-	-	-	4,620
Total assets	<u>\$ 657,068</u>	<u>\$ 591,509</u>	<u>\$ 2,501</u>	<u>\$ 92,420</u>	<u>\$ 106,093</u>	<u>\$ 1,449,591</u>
 <u>LIABILITIES</u>						
Due to others	\$ 652,448	\$ 170,247	\$ 2,501	\$ 43,283	\$ 29,195	\$ 897,674
Uncollected taxes	4,620	-	-	-	-	4,620
Total liabilities	<u>\$ 657,068</u>	<u>\$ 170,247</u>	<u>\$ 2,501</u>	<u>\$ 43,283</u>	<u>\$ 29,195</u>	<u>\$ 902,294</u>
 <u>NET POSITION</u>						
Restricted:						
Individuals, organizations, and other governments	\$ -	\$ 421,262	\$ -	\$ 49,137	\$ 76,898	\$ 547,297
Total net position	<u>\$ -</u>	<u>\$ 421,262</u>	<u>\$ -</u>	<u>\$ 49,137</u>	<u>\$ 76,898</u>	<u>\$ 547,297</u>

STEPHENS COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Jail Inmate</u>	<u>Total</u>
<u>ADDITIONS</u>						
Taxes	\$ 30,538,684	\$ -	\$ -	\$ -	\$ -	\$ 30,538,684
Fines and fees	-	2,711,492	108,405	877,304	237,559	3,934,760
Total additions	30,538,684	2,711,492	108,405	877,304	237,559	34,473,444
<u>DEDUCTIONS</u>						
Taxes and fees paid to other governments	30,538,684	-	-	-	-	30,538,684
Other custodial disbursements	-	2,458,259	109,270	848,488	207,226	3,623,243
Total deductions	30,538,684	2,458,259	109,270	848,488	207,226	34,161,927
Net increase (decrease) in fiduciary net position	-	253,233	(865)	28,816	30,333	311,517
Net position, beginning of year	-	168,029	865	20,321	46,565	235,780
Net position, end of year	<u>\$ -</u>	<u>\$ 421,262</u>	<u>\$ -</u>	<u>\$ 49,137</u>	<u>\$ 76,898</u>	<u>\$ 547,297</u>

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stephens County, Georgia (the "County") as of and for the year ended June 30, 2025, 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 30, 2025. Our report includes a reference to other auditors who audited the financial statements of the Stephens County Department of Public Health, the Stephens County Development Authority, and the Stephens County Hospital Authority as described in our report on Stephens County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

The County's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 30, 2025

STEPHENS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

____yes X no

Significant deficiencies identified?

 X yes _____none reported

Noncompliance material to financial statements noted?

_____yes X no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2025 due to the total amount expended being less than \$750,000.

STEPHENS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS

Finding 2025-001 Segregation of Duties (Repeat finding)

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

Condition: During our review of the internal control procedures of the County, we noted that appropriate segregation of duties does not exist in various areas of County operations, including the offices of the Tax Commissioner, the Law Library, and the County's Finance Department. Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Context: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business. Examples of segregation of duties issues are as follows:

- Law Library - We noted that the same person who is responsible for receipting the cash is also responsible for recording the receipt, preparing the deposit, preparing the disbursements, and reconciling the account.
- Tax Commissioner's Office - We noted segregation of duties issues involving the preparing, signing, and mailing of checks. The same person who prepares the checks also approves and signs the checks. After the checks are signed, they are returned to the clerk who receipted the money for the month.
- County Finance - We noted individuals involved in the preparation of payroll are also involved in other payroll duties including timekeeping and distribution. Also, the individual responsible for maintaining the detailed capital asset records is also responsible for handling the general ledger function.

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

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

Recommendation: Although we understand the limited number of employees involved and the resulting overlapping of duties, we recommend that there be adequate segregation of duties to ensure proper recording and recognition of accounting transactions and to lessen the potential for misappropriation of County assets. The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

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