

STEWART COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

**For the Year Ended
DECEMBER 31, 2019**

STEWART COUNTY, GEORGIA
Annual Financial Report
For the Year Ended December 31, 2019

TABLE OF C O N T E N T S

	<u>Pages</u>
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1 - 2
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Fund Balance Sheets – Governmental Funds	5
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	7
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	8 - 9
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	11
Statement of Cash flows – Proprietary Fund	12 - 13
Statement of Fiduciary Assets and Liabilities	14
Notes to Financial Statements	15 - 32
 SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	33
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	34
Community Development Block Grant – Project Cost Schedule	35
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST 2013	36
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – SPLOST 2019	37
Agency Funds:	
Combining Balance Sheet	38
Combining Statement of Changes in Assets and Liabilities	38 - 40

STEWART COUNTY, GEORGIA
Annual Financial Report
For the Fiscal Year Ended December 31, 2019

TABLE OF C O N T E N T S

	<u>Pages</u>
<u>COMPLIANCE SECTION:</u>	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41 - 42
Schedule of Findings and Responses	43 - 48
Status of Prior Year Findings	49 – 51
Report on Certification of E-911 Expenditures	52
Certification of E-911 Expenditures	53 - 55

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Stewart County, Georgia
Lumpkin, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stewart County Board of Health which represents 8.1%, 2.6%, and 37.7%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Stewart County Board of Health, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, the aggregate remaining fund information, of Stewart County, Georgia as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 on our consideration of Stewart County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stewart County, Georgia's internal control over financial reporting and compliance.

Chambless Sheppard Roland, Associates LLP

Americus, Georgia
December 28, 2020

STEWART COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Stewart County Board of Health	Stewart County Water and Sewerage Authority
ASSETS					
Cash and cash equivalents	\$ 2,857,979	\$ 4,817	\$ 2,862,796	\$ 187,152	\$ 201,205
Certificates of deposit	-	-	-	-	105,448
Receivables (Net, where applicable, of allowances for uncollectible):					
Property taxes	640,974	-	640,974	-	-
Accounts	-	64,946	64,946	-	33,640
Internal balances	(89,212)	89,212	-	-	-
Due from other governments	180,029	-	180,029	23,855	-
Overpaid payroll taxes	33,061	7,929	40,990	-	-
Prepaid items	57,166	-	57,166	-	-
Restricted cash	-	-	-	-	40,418
Net OPEB asset	-	-	-	4,474	-
Capital assets, non-depreciable	368,408	-	368,408	-	23,000
Capital assets, depreciable net of accumulated depreciation	12,979,237	483,936	13,463,173	-	2,021,451
Total Assets	17,027,642	650,840	17,678,482	215,481	2,425,162
DEFERED OUTFLOWS OF RESOURCES					
Employer pension contributions	-	-	-	5,672	-
Changes in proportion and differences between employer contributions and proportionate share contributions - OPEB	-	-	-	3,106	-
Changes in proportion and differences between employer contributions and proportionate share contributions - Pension plan	-	-	-	3,071	-
Total Outflows of Resources	-	-	-	11,849	-
LIABILITIES					
Accounts payable	106,063	3,672	109,735	19,008	10,896
Payroll taxes payable	-	893	893	-	1,314
Accrued salaries and benefits	56,277	30,779	87,056	-	-
Due to Local Victim Assistance Programs	25,962	-	25,962	-	-
Compensated absences due, within one year	-	-	-	-	-
Landfill post-closure care costs, due within one year	39,100	-	39,100	-	-
Capital leases, due within one year	111,455	87,584	199,039	-	-
Bonds payable, due within one year	-	-	-	-	16,812
Note payable, due within one year	-	-	-	-	23,250
Proportionate share of collective net pension liability	-	-	-	39,260	-
Proportionate share of collective net OPEB liability	-	-	-	20,114	-
Customer deposits	-	-	-	-	20,385
Logging and escrow payments	16,980	-	16,980	-	-
Compensated absences, due in more than one year	-	-	-	3,962	-
Landfill post-closure care costs, due in more than one year	185,724	-	185,724	-	-
Capital lease, due in more than one year	181,281	207,475	388,756	-	-
Bonds payable, due in more than one year	-	-	-	-	453,784
Note payable, due in more than one year	-	-	-	-	43,123
Total Liabilities	722,842	330,403	1,053,245	82,344	569,564
DEFERED OUTFLOWS OF RESOURCES					
Proportionate share of collective deferred inflows of resources - pension plan	-	-	-	32,457	-
Proportionate share of collective deferred inflows of resources - OPEB	-	-	-	63,692	-
Total Deferred Inflows of Resources	-	-	-	96,149	-
NET POSITION					
Net investment in capital assets	13,054,909	188,877	13,243,786	-	1,507,482
Restricted for:					
Debt service	-	-	-	-	40,418
Capital projects	629,615	-	629,615	-	-
Judicial purposes	122,229	-	122,229	-	-
Public safety purposes	63,319	-	63,319	-	-
Health and welfare functions	-	-	-	12,155	-
Unrestricted	2,434,728	131,560	2,566,288	36,682	307,698
Total Net Position	\$ 16,304,800	\$ 320,437	\$ 16,625,237	\$ 48,837	\$ 1,855,598

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

STEWART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Program	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Stewart County	
					Governmental Activities	Business-type Activities	Total	Board of Health	Water and Sewerage Authority
Governmental Activities:									
General government	\$ 1,125,418	\$ 99,117	\$ 3,621	\$ 7,794,330	\$ 6,771,650	\$ -	\$ 6,771,650	\$ -	\$ -
Judicial	463,485	206,728	-	-	(256,757)	-	(256,757)	-	-
Public safety	971,513	138,220	18,907	-	(814,386)	-	(814,386)	-	-
Public works	1,403,953	11,583	-	443,976	(948,394)	-	(948,394)	-	-
Health and welfare	63,523	-	-	-	(63,523)	-	(63,523)	-	-
Culture and recreation	22,547	-	-	-	(22,547)	-	(22,547)	-	-
Housing and development	70,767	-	-	-	(70,767)	-	(70,767)	-	-
Interest on long term debt	9,814	-	-	-	(9,814)	-	(9,814)	-	-
Total Governmental Activities	4,131,020	455,648	22,528	8,238,306	4,585,462	-	4,585,462	-	-
Business-Type Activities:									
Emergency Medical Services	1,058,046	395,957	-	11,970	-	(650,119)	(650,119)	-	-
Total Business-Type Activities	1,058,046	395,957	-	11,970	-	(650,119)	(650,119)	-	-
Total Primary Government	\$ 5,189,066	\$ 851,605	\$ 22,528	\$ 8,250,276	4,585,462	(650,119)	3,925,343	-	-
Component Units:									
Board of Health	\$ 165,258	\$ 28,740	\$ 177,753	-	-	-	-	41,235	-
Stewart County Water and Sewerage Authority	413,801	411,069	-	-	-	-	-	-	(2,732)
Total Component Units	\$ 579,059	\$ 439,809	\$ 177,753	-	-	-	-	41,235	(2,732)
General revenues:									
Taxes:									
Property, and timber					2,064,045		2,064,045		
Forest Land Protection Act					374,150		374,150		
Motor vehicle and mobile home					162,389		162,389		
Sales					922,601		922,601		
Insurance Premium Tax					239,023		239,023		
Other Taxes					49,667		49,667		
Allotments from Participating Local Government					-		-	43,300	
Fees from Stewart Detention Center					691,496		691,496		
Interest Earnings					9,511		9,511		1,613
Gain / (Loss) on Sale of Capital Assets					75,420		75,420		
Miscellaneous					-		-		
Transfers					(720,387)	720,387	-		
Total general revenues and transfers					3,867,915	720,387	4,588,302	43,300	1,613
Change in net position					8,453,377	70,268	8,523,645	84,535	(1,119)
Net position - Beginning of year					7,851,423	250,169	8,101,592	70,266	1,856,717
Prior period adjustment					-	-	-	-	(105,964)
Net position - Ending of year					\$ 16,304,800	\$ 320,437	\$ 16,625,237	\$ 48,837	\$ 1,855,598

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

STEWART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General	TIA Fund	SPLOST 2019	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,211,746	\$ 196,481	\$ 144,177	\$ 305,575	\$ 2,857,979
Receivables (net of allowance for uncollectible)					
Taxes	640,974	-		-	640,974
Due from other governments	10,331	42,894	87,986	38,818	180,029
Overpaid payroll taxes refundable	33,061	-	-	-	33,061
Prepaid items	57,166	-	-	-	57,166
Due from other funds	5,500	9,547	-	89,868	104,915
Total Assets	\$ 2,958,778	\$ 248,922	\$ 232,163	\$ 434,261	\$ 3,874,124
 LIABILITIES					
Accounts payable	\$ 66,858	\$ 5,887		\$ 33,318	\$ 106,063
Accrued salaries, taxes and benefits	56,277	-		-	56,277
Due to Local Victim Assistance Programs	25,962	-		-	25,962
Due to other funds	98,759	-	89,868	5,500	194,127
Logging bonds and escrow funds	16,980	-	-	-	16,980
Total Liabilities	264,836	5,887	89,868	38,818	399,409
 DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Property Tax	583,107	-	-	-	583,107
Total Deferred Inflows of Resources	583,107	-	-	-	583,107
 FUND BALANCES					
Nonspendable	57,166	-	-	-	57,166
Restricted	699,692	243,035	142,295	379,724	1,464,746
Committed	183,938	-	-	-	183,938
Assigned	62,518	-	-	15,719	78,237
Unassigned	1,107,521	-	-	-	1,107,521
Total Fund Balances	2,110,835	243,035	142,295	395,443	2,891,608
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,958,778	\$ 248,922	\$ 232,163	\$ 434,261	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,347,645
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Property Tax	583,107
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	-
Capital lease	(292,736)
Landfill post-closure care costs	(224,824)
Landfill post-closure care costs	(517,560)
Net position of governmental activities	\$ 16,304,800

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

STEWART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year ended December 31, 2019

	General	TIA Fund	SPLOST 2019	Non-Major Governmental Funds	Total
Revenues:					
Taxes					
Property	\$ 1,928,292	\$ -	\$ -	\$ -	\$ 1,928,292
Timber	98,130	-	-	-	98,130
Forest Land Protection Act	374,150	-	-	-	374,150
Motor vehicle and mobile home	162,389	-	-	-	162,389
Sales	120,231	458,926	262,060	81,384	922,601
Insurance premium	239,023	-	-	-	239,023
Other	49,667	-	-	-	49,667
Fees from Stewart Detention Center	691,496	-	-	-	691,496
Licenses and permits	15,121	-	-	-	15,121
Intergovernmental	414,065	-	-	43,818	457,883
Charges for services	153,451	-	-	71,251	224,702
Fines and forfeitures	164,462	-	-	29,240	193,702
Investment earnings	8,408	1,103	-	1,625	11,136
Contributions	-	-	-	5,000	5,000
Miscellaneous revenue	24,119	-	-	-	24,119
Total Revenues	4,443,004	460,029	262,060	232,318	5,397,411
Expenditures:					
Current					
General government	904,308	-	161	-	904,469
Court system	463,485	-	-	-	463,485
Public safety	720,563	-	-	177,167	897,730
Public works	772,829	226,356	-	43,836	1,043,021
Health and welfare	50,225	-	-	-	50,225
Culture and recreation	22,547	-	-	-	22,547
Housing and development	70,767	-	-	-	70,767
Intergovernmental support	-	-	119,604	54,256	173,860
Capital outlay	-	330,782	-	32,878	363,660
Debt Service	-	-	-	-	-
Principal	-	136,312	-	-	136,312
Interest	-	9,814	-	-	9,814
Total Expenditures	3,004,724	703,264	119,765	308,137	4,135,890
Excess / (Deficiency) of Revenues over Expenditures	1,438,280	(243,235)	142,295	(75,819)	1,261,521
Other financing sources / (uses)					
Transfers in / (out)	(801,686)	-	-	81,299	(720,387)
Inception of capital lease	-	136,029	-	-	136,029
Sale of capital assets and other surplus	470	74,950	-	-	75,420
Total Other Financing Sources / (Uses)	(801,216)	210,979	-	81,299	(508,938)
Net Change in Fund Balances	637,064	(32,256)	142,295	5,480	752,583
Fund Balance - Beginning of Year	1,473,771	275,291	-	389,963	2,139,025
Fund Balance - End of Year	\$ 2,110,835	\$ 243,035	\$ 142,295	\$ 395,443	\$ 2,891,608

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

STEWART COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

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

Net change in fund balances - total governmental funds.		\$ 752,583
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital depreciation (\$534,202) exceeded outlays (\$363,660) in the current period.		(170,542)
Governmental funds report the proceeds from the sale of capital assets as an increase in financial resources. However, in the statement of activities, the gain/loss on the sale, trade or disposition of capital assets is reported. Thus the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.		-
Contribution of the old Stewart-Quitman land and building increased net position in the statement of activities, but is not reported in the governmental funds because it does not increase financial resources.		7,794,330
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax receivable	<u>37,623</u>	37,623
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Capital leases	(136,029)	
Principal payments	<u>136,312</u>	283
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	-	
Landfill expenditures	<u>39,100</u>	<u>39,100</u>
Change in Net Position of Governmental Activities.		<u><u>\$ 8,453,377</u></u>

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

STEWART COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes				
Property	\$ 2,265,060	\$ 2,265,060	\$ 1,928,292	\$ (336,768)
Timber	-	-	98,130	98,130
Forest Land Protection Act	-	-	374,150	374,150
Motor vehicle and mobile home	168,703	168,703	162,389	(6,314)
Sales	64,698	64,698	120,231	55,533
Insurance premium	-	-	239,023	239,023
Other	23,666	23,666	49,667	26,001
Fees from Stewart Detention Center	666,834	666,834	691,496	24,662
Licenses and permits	14,750	14,750	15,121	371
Intergovernmental	13,907	13,907	414,065	400,158
Charges for services	38,158	38,158	153,451	115,293
Fines and forfeitures	144,858	144,858	164,462	19,604
Investment earnings	-	-	8,408	8,408
Miscellaneous revenue	256,950	256,950	24,119	(232,831)
Total Revenues	3,657,584	3,657,584	4,443,004	785,420
Expenditures:				
General government				
Governing body	294,088	277,659	263,201	14,458
Courthouse / public buildings	90,108	125,619	111,578	14,041
Registrar's office	74,893	62,984	74,445	(11,461)
Tax Commissioner	149,110	149,110	144,250	4,860
Tax assessor	114,222	114,222	94,968	19,254
Board of equalization	14,409	14,409	10,333	4,076
General administration	338,230	304,825	196,644	108,181
Other	31,000	31,000	8,889	22,111
Total general government	1,106,060	1,079,828	904,308	175,520
Court system				
Superior court	76,125	76,125	41,845	34,280
Clerk of superior court	124,049	124,049	111,614	12,435
Magistrate court	77,160	77,160	76,709	451
Probate court	192,921	192,921	193,013	(92)
Juvenile court	14,773	14,773	12,173	2,600
Indigent defense	23,363	23,363	28,131	(4,768)
Total court system	508,391	508,391	463,485	44,906
Public safety				
Sheriff	636,794	636,794	680,169	(43,375)
Coroner	24,330	24,330	12,780	11,550
Emergency management	20,492	20,492	22,246	(1,754)
Georgia State Patrol support	-	-	3,206	(3,206)
Fire fighting	-	-	2,162	(2,162)
Total public safety	681,616	681,616	720,563	(38,947)

Continued...

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

STEWART COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Public works				
Road department	537,413	598,059	563,818	34,241
Solid waste collection	-	-	197,201	(197,201)
Landfill post-closure	18,100	18,100	11,810	6,290
Total public works	<u>555,513</u>	<u>616,159</u>	<u>772,829</u>	<u>(156,670)</u>
Health and welfare				
Public health	46,565	47,150	46,954	196
Welfare	4,500	4,500	1,634	2,866
Health fair	-	-	1,637	(1,637)
Total health and welfare	<u>51,065</u>	<u>51,650</u>	<u>50,225</u>	<u>1,425</u>
Culture and recreation				
Senior center	5,602	5,602	5,159	443
Library	15,220	15,220	17,388	(2,168)
Total culture and recreation	<u>20,822</u>	<u>20,822</u>	<u>22,547</u>	<u>(1,725)</u>
Housing and development				
Extension service	54,802	54,802	40,907	13,895
Code enforcement / building inspection	100	100	7,084	(6,984)
Georgia Forestry Commission	-	-	22,776	(22,776)
Total housing and development	<u>54,902</u>	<u>54,902</u>	<u>70,767</u>	<u>(15,865)</u>
Total Expenditures	<u>2,978,369</u>	<u>3,013,368</u>	<u>3,004,724</u>	<u>8,644</u>
Excess / (Deficiency) of Revenues over Expenditures	<u>679,215</u>	<u>644,216</u>	<u>1,438,280</u>	<u>794,064</u>
Other financing sources				
Transfer out	(253,000)	(253,000)	(801,686)	(548,686)
Sale of capital assets and other surplus	-	-	470	470
Total other financing sources	<u>(253,000)</u>	<u>(253,000)</u>	<u>(801,216)</u>	<u>(548,216)</u>
Net Change in Fund Balance	426,215	391,216	637,064	245,848
Fund Balance - Beginning of Year	<u>(1,936,885)</u>	<u>(1,938,165)</u>	<u>1,473,771</u>	<u>3,411,936</u>
Fund Balance - End of Year	<u>\$ (1,510,670)</u>	<u>\$ (1,546,949)</u>	<u>\$ 2,110,835</u>	<u>\$ 3,657,784</u>

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

STEWART COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	<u>Emergency Medical Services</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,817
Due from General Fund	89,212
Accounts receivable, net of allowance for doubtful accounts	64,946
Payroll tax overpayments	<u>7,929</u>
Total Current Assets	<u>166,904</u>
Noncurrent Assets:	
Capital assets	
Depreciable assets, net	<u>483,936</u>
Capital assets, net of depreciation	<u>483,936</u>
Total Noncurrent Assets	<u>483,936</u>
Total Assets	<u>650,840</u>
 LIABILITIES	
Current Liabilities:	
Cash overdraft	
Accounts payable	3,672
Accrued wages	30,779
Payroll taxes payable	893
Capital leases due in one year	<u>87,584</u>
Total Current Liabilities	<u>122,928</u>
Long-Term Liabilities:	
Capital leases due in more than one year	<u>207,475</u>
Total Long-Term Liabilities	<u>207,475</u>
Total Liabilities	<u>330,403</u>
 NET POSITION	
Net investment in capital assets	188,877
Unrestricted	<u>131,560</u>
Total Net Position	<u>\$ 320,437</u>

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

STEWART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2019

	Emergency Medical Services
OPERATING REVENUES	
Charges for services	<u>\$ 395,957</u>
Total Operating Revenues	<u>395,957</u>
 OPERATING EXPENSES	
Salaries	698,170
Firefighter stipend	7,121
Payroll taxes and retirement	72,379
Group insurance	58,382
Firefighter cancer insurance	2,598
Office supplies and postage	2,670
Operating supplies	5,920
Uniforms	2,930
Mutual aid Webster County	6,125
Medical supplies	18,409
Fuel, oil and lube	22,839
Property and liability insurance	10,175
Small tools and equipment	16,605
Tires	2,524
Rent	4,200
Computer support	1,404
Service bureau	3,008
Operating license	6,700
Travel	484
Employee education	2,282
Repair and maintenance	14,924
Telephone	5,880
Miscellaneous	2,580
Firefighter PPE	6,296
Depreciation	<u>67,550</u>
Total Operating Expenses	<u>1,042,155</u>
Operating Income (Loss)	<u>(646,198)</u>
 NONOPERATING REVENUE (EXPENSE)	
State firefighter grant	11,970
Interest expense	<u>(15,891)</u>
Net Nonoperating Revenue (Expense)	<u>(3,921)</u>
Income (Loss) before transfers	(650,119)
 TRANSFERS	
Transfers in	<u>720,387</u>
Change in Net Position	70,268
Net Position - Beginning of Year	<u>250,169</u>
Net Position - End of Year	<u>\$ 320,437</u>

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

STEWART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	<u>Emergency Medical Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from patients	\$ 401,233
Cash Payments to Suppliers	(127,726)
Cash Payments to Employees for Services	<u>(840,256)</u>
Net Cash Used In Operating Activities	<u>(566,749)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipts from other governments	11,970
Transfers in from General Fund	720,387
Loans from General Fund	15,429
Overpaid payroll tax	<u>(1,411)</u>
Net Cash Provided By Non-Capital Financing Activities	<u>746,375</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(77,658)
Proceeds from capital leases	32,658
Principal paid on USDA promissory note	(15,064)
Principal paid on capital leases	(84,137)
Interest Paid on debt	<u>(15,891)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(160,092)</u>
Net Decrease in Cash and Cash Equivalents	19,534
Cash and Cash Equivalents - Beginning of year	<u>(14,717)</u>
Cash and Cash Equivalents - End of year	<u>\$ 4,817</u>
 Displayed as:	
Cash and cash equivalents	<u>\$ 4,817</u>

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

**STEWART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>Emergency Medical Services</u>
Operating Income (Loss)	\$ (646,198)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities :	
Depreciation	67,550
(Increase) decrease in accounts receivable	5,275
(Increase) decrease in due from general fund	2,724
Increase (decrease) in accounts payable	(1,944)
Increase (decrease) in payroll taxes payable	893
Increase (decrease) in accrued salaries	<u>4,951</u>
Net Cash Used In Operations	<u>\$ (566,749)</u>

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

STEWART COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 129,235
Uncollected taxes	1,546,742
Total Assets	\$ 1,675,977
LIABILITIES	
Due to others	\$ 39,591
Due to others - escrow	89,644
Uncollected taxes due governments	1,546,742
Total Liabilities	\$ 1,675,977

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

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A. Reporting Entity

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

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

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

Discretely Presented Component Units

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

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

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1-A. Reporting Entity(continued)

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

1-B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, and fees from the Stewart County Detention Center are presented as general revenues.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The County reports the following major governmental funds:

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

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

SPLOST 2019 Fund - is a capital projects fund used to account for the acquisition, construction, equipping and installation of certain capital outlay projects for the benefit of all Stewart County citizens. Financing is provided by the special purpose sales and use tax.

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

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

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

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

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1-C Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources

1-D. Cash and Cash Equivalents and Investments

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

1-E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements for goods provided or services rendered occur during the course of operations. In the fund financial statements these receivables and payables outstanding at the end of the fiscal year is reported as either "due to other funds" or "due from other funds."

In the government-wide financial statements, the effect of interfund activity has been removed, however, any residual balances outstanding between governmental activities and business-type activities are reported as "internal balances."

1-F. Inventories

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

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1-G. Prepaid Items

Occasionally the county may make certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

1-H. Capital Assets

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

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

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

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

1-I. Deferred Inflows/Outflows of Resources

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

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

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1-J. Compensated Absences

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

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

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

The County has budgeted an expenditure of \$6,353 for 2019 in the Road Department.

1-K. Fund Equity

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

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

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

- Committed
- Assigned
- Unassigned

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

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1-L. Net Position Flow Assumption

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

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

1-M. Management Estimates

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

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

2-A. Budget Process

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

1. Prior to the start of the new fiscal year the County Manager submits to the Board of Commissioners a proposed operating budget for the General Fund only. The operating budget includes proposed expenditures and the means of financing them.
2. The Commission holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of Stewart County
3. The budget is then revised as necessary and adopted by the Commission
4. The budget as adopted may be revised during the year only by formal action of the Commission in a regular meeting.
5. Formal budgetary integration has been employed. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP)
6. Budgeted amounts are as originally adopted, or as amended by the Commission.

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

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (continued)

2-B. Excess of Expenditures over Appropriations

The following departments had excess of actual expenditures over appropriations for the year ended December 31, 2019:

General Fund	
Registrar's office	\$ 11,461
Probate court	92
Indigent defense	4,768
Sheriff's Department	43,375
Emergency Management	1,754
Georgia State Patrol support	3,206
Fire fighting	2,162
Solid waste collection	197,201
Culture and Recreation	1,725
Housing and Development	15,865
Transfers out	548,686
	<u>\$ 830,295</u>

The overages in solid waste collections, Georgia State Patrol support, and fire fighting were because the expenditures were not budgeted. These and the other General Fund overages were funded by under-expenditures in other departments or surpluses. Overages in the Special Revenue Funds were because budgets were not approved; expenditures were funded by the special revenues or existing fund balances.

NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits The County does not have a formal policy for custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. State statutes require all deposits and investments (other than federal or state governmental instruments) to be collateralized by depository insurance, obligations of the U. S. government, or bonds of public authorities, counties or municipalities. The County's funds are on deposit in a credit union which is a member of NCUA; applicable accounts are insured up to \$250,000, additionally the credit union has obtained an irrevocable standby letter of credit from the Federal Home Loan Bank of Atlanta with an amount available of \$5,000,000.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

The County's policy is to deposit any available excess funds into interest-bearing money market accounts or certificates of deposit. The county had no certificates of deposit at December 31, 2019.

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4. PROPERTY TAXES

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

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

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval who must ascertain that real property on the tax digest is in compliance with state law. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Stewart County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle ad valorem taxes are due based upon the birthday of the owner. The 2019 property tax was levied on August 23, 2019 and mailed on September 25, 2019 with a due date of December 20, 2019.

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

NOTE 5. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>EMS Fund</u>	<u>Total</u>
Receivables				
Property Taxes	\$ 675,266	\$ -	\$ -	\$ 675,266
Accounts	<u>-</u>	<u>-</u>	551,215	<u>551,215</u>
Gross Receivables	675,266	-	551,215	1,226,481
Less: Allowance for Doubtful Accounts	<u>(34,292)</u>	<u>-</u>	<u>(486,269)</u>	<u>(520,561)</u>
Net Receivables	<u>\$ 640,974</u>	<u>\$ -</u>	<u>\$ 64,946</u>	<u>\$ 705,920</u>

Property tax receivables have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The net receivables collected during the year ended December 31, 2019, and collected by February 28, 2019, are recognized as revenues in the year ended December 31, 2019. Net receivables estimated to be collected subsequent to the end of February are deferred as of December 31, 2019, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

EMS Fund accounts receivable are all collections after December 31, 2019 for dates of service on that date or before. Amounts are recorded net of third-party payor allowances and discounts. Patient self-pay accounts are generally considered uncollectible.

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2019, are as follows:

Fund:	<u>State</u>	<u>City of Lumpkin</u>	<u>City of Richland</u>
General	\$ 10,331		
TIA	42,894		
CDBG	38,818		
SPLOST 2019	<u>29,517</u>	<u>29,235</u>	<u>29,234</u>
Total	<u>\$ 121,560</u>	<u>\$ 29,235</u>	<u>\$ 29,234</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2019, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
EMS Fund	General Fund	\$ 89,212
TIA Fund	General Fund	9,547
SPLOST 2013 Fund	SPLOST 2019 Fund	89,868
General Fund	CDBG Fund	5,500

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Interfund transfers:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
EMS Fund	General Fund	\$ 720,387
E-911 Fund	General Fund	81,189
CDBG Fund	General Fund	110

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs. The transfer of \$720,387 from the General Fund to the EMS Fund was to supplement operations. The transfer in to the E-911 Fund was to supplement operations. The transfer to the CDBG Fund was to open a bank account.

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 226,408	\$ 142,000	\$ -	\$ 368,408
Total Nondepreciable Capital Assets	<u>226,408</u>	<u>142,000</u>	<u>-</u>	<u>368,408</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	7,201,220	7,652,330	(30,000)	14,823,550
Equipment, furniture & vehicles	2,806,465	363,660	-	3,170,125
Infrastructure	1,575,117	-	-	1,575,117
Total Capital Assets, Being Depreciated	<u>11,582,802</u>	<u>8,015,990</u>	<u>(30,000)</u>	<u>19,568,792</u>
Accumulated Depreciation:				
Buildings and improvements	(3,509,881)	(289,380)	30,000	(3,769,261)
Equipment, furniture & vehicles	(2,231,781)	(182,077)	-	(2,413,858)
Infrastructure	(343,691)	(62,745)	-	(406,436)
Total Accumulated Depreciation	<u>(6,085,353)</u>	<u>(534,202)</u>	<u>30,000</u>	<u>(6,589,555)</u>
Total Depreciable Assets, Net	<u>5,497,449</u>	<u>7,481,788</u>	<u>-</u>	<u>12,979,237</u>
Governmental Activities, Capital Assets, Net	<u>\$ 5,723,857</u>	<u>\$ 7,623,788</u>	<u>\$ -</u>	<u>\$ 13,347,645</u>
Governmental Activities Depreciation Expense:				
General Government			\$ 220,949	
Public Safety			73,783	
Public Works			226,172	
Health and welfare			13,298	
Total Governmental Activities Depreciation Expense			<u>\$ 534,202</u>	
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment, furniture & vehicles	\$ 803,435	\$ 77,658	\$ -	\$ 881,093
Buildings and improvements	12,531	-	-	12,531
Total Capital Assets, Being Depreciated	<u>815,966</u>	<u>77,658</u>	<u>-</u>	<u>893,624</u>
Accumulated Depreciation:				
Equipment, furniture & vehicles	(329,607)	(67,550)	-	(397,157)
Buildings and improvements	(12,531)	-	-	(12,531)
Total Accumulated Depreciation	<u>(342,138)</u>	<u>(67,550)</u>	<u>-</u>	<u>(409,688)</u>
Capital Assets, Being Depreciated, Net	<u>473,828</u>	<u>10,108</u>	<u>-</u>	<u>483,936</u>
Business-Type Activities Capital Assets, Net	<u>\$ 473,828</u>	<u>\$ 10,108</u>	<u>\$ -</u>	<u>\$ 483,936</u>
Business-Type Activities Depreciation Expense:				
Emergency Medical Services Fund			<u>\$ 67,550</u>	

STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8. CAPITAL ASSETS (continued)

The County acquired the land and buildings of the former Stewart Quitman School by quit claim deed. The value of the land \$142,000 and buildings \$7,652,330 has been reported as a capital contribution on the Statement of Activities.

Retirements in the Governmental Activities are to record donation of the old library to the Stewart County Historical Preservation Society.

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ -	\$ -	\$ -	-	\$ -
Capital lease payable	293,019	136,029	(136,312)	292,736	111,455
Land fill post-closure costs	263,924	-	(39,100)	224,824	39,100
Total Governmental Activities	\$ 556,943	\$ 136,029	\$ (175,412)	\$ 517,560	\$ 150,555
Business-type Activities:					
Compensated absences	\$ -	17,188	(17,188)	-	-
Capital lease payable	346,538	32,658	(84,137)	295,059	87,584
Notes Payable	15,064	-	(15,064)	-	-
Total Business-type Activities	\$ 361,602	\$ 49,846	\$ (116,389)	\$ 295,059	\$ 87,584

Governmental Activities Debt

Capital Leases. The County has entered into capital lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Total cost of assets under capital lease as of December 31, 2019, is \$420,173, which is included in governmental activities capital assets on the statement of net position.

The County recorded depreciation expense of \$54,195 with accumulated depreciation of \$170,232 in the fiscal year ended December 31, 2019 on assets under capital leases.

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

Year Ending December 31,	Minimum <u>Lease Payments</u>
2020	\$ 120,261
2021	46,938
2022	46,938
2023	30,406
2024	<u>72,282</u>
Total minimum lease payments	316,825
Less: amount representing interest	<u>(24,089)</u>
Present value of minimum lease payments	<u>\$ 292,736</u>

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9. LONG-TERM DEBT (continued)

Business-Type Activities Debt

Notes Payable.

In 2018, the County entered into an agreement with the United States Department of Agriculture (USDA) to finance the acquisition of a 2017 Chevrolet Tahoe. The total proceeds of the loan were \$15,300. The loan was for 5 years beginning November 16, 2018, payable in monthly installments of \$277 with interest at 3.25%. The loan was paid-off in 2019.

Capital Leases

The County has entered into capital lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Total cost of assets under capital lease as of December 31, 2019, is \$427,645, which is included in business-type activities capital assets on the statement of net position.

The County recorded depreciation expense of \$41,676 with accumulated depreciation of \$61,425 in the fiscal year ended December 31, 2019 on assets under capital leases.

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

Year Ending December 31,	Minimum <u>Lease Payments</u>
2020	99,663
2021	99,663
2022	88,778
2023	<u>32,921</u>
Total minimum lease payments	321,025
Less: amount representing interest	<u>(25,966)</u>
Present value of minimum lease payments	<u>\$ 295,059</u>

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10. FUND EQUITY

The following is a summary of the fund balance classifications as of December 31, 2019:

Fund Balances	<u>General</u>	<u>TIA Fund</u>	<u>SPLOST 2019</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Unspendable					
Prepaid workmans comp insurance	\$ 57,166	\$ -	\$ -	\$ -	\$ 57,166
Restricted for:					
Capital improvements	699,692	243,035	142,295	244,377	1,329,399
Drug Awareness	-	-	-	49,817	49,817
Law Library	-	-	-	70,386	70,386
E-911	-	-	-	6,738	6,738
Jail	-	-	-	8,406	8,406
Committed for:					
Solid waste collection	183,938	-	-	-	183,938
Assigned for:					
Codification of County					
Ordinances	45,013	-	-	-	45,013
Education	16,996	-	-	-	16,996
Park maintenance	-	-	-	10,623	10,623
Fire department	509	-	-	-	509
Sheriff's department	-	-	-	5,096	5,096
Unassigned	1,107,521	-	-	-	1,107,521
Total Fund Balances	\$ 2,110,835	\$ 243,035	\$ 142,295	\$ 395,443	\$ 2,891,608

NOTE 11. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

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

Although the post-closure costs will be paid when the services are performed, the County reports a total liability of \$224,824 as landfill post-closure care liability at December 31, 2019. This amount represents the cumulative amount of landfill post-closure costs based on the 100 percent of the capacity of the landfill. The County has no assets restricted for payment of post-closure care costs. Actual costs may change due to inflation, changes in technology, or changes in regulations.

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12. DEFINED CONTRIBUTION RETIREMENT PLAN

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

The 457(b) plan is available to all employees including elected or appointed officials of the County. The County cannot make any basic contributions, discretionary contributions, or matching contributions. Employees through salary reductions may contribute up to the IRC 402(g) limit (\$19,000 in 2019). Participants direct investment of all accounts. Self-directed brokerage is not permitted.

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

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

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

The County's total payroll was \$2,145,635 and the County's contributions were based on covered payroll of \$1,095,127 for the year ended December 31, 2019. Employee contributions to the plan amounted to \$27,520 or 2.51% of the total covered payroll. Employer contributions amounted to \$25,479 to the plan, or 2.33% of total payroll covered. A total of 31 employees participated in the plan for the year ended December 31, 2019. Two elected officials participated in the 457(b) plan. The County does not match any of the contributions of elected officials.

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

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 13. OTHER RETIREMENT PLANS

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

Probate Judges' Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

NOTE 14. RISK MANAGEMENT

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

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

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

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

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15. CONTINGENT LIABILITIES

15-A. Litigation

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

15-B. Grant Contingencies

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

NOTE 16. JOINT VENTURES

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

River Valley Regional Commission: Under Georgia law, the County, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the River Valley Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2019, the County paid \$3,272 in such dues. Membership in Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission's in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from: River Valley Regional Commission, P.O. Box 1908, Columbus, Georgia 31902-4908.

Lower Chattahoochee Regional Transit Authority (commonly known as the Pataula Transit Authority). The Authority was created by an act of the Georgia State Legislature in 2012 to provide transportation services, acquire, equip and maintain equipment necessary to maintain all modes of transportation (primarily shuttle vans and buses) for the counties of Stewart, Randolph and Quitman. The Authority is composed of seven members, two of which are appointed by each county and the seventh is appointed by the other six. The counties pay dues based on the most recent census. In 2019, Stewart County contributed \$5,617. The most recent financial statements of the Authority may be obtained by contacting the Authority at P. O. Box 1908, Columbus, Georgia 31902.

**STEWART COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 17. RELATED ORGANIZATIONS

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

Stewart County Development Authority. This authority was established by ordinance in 2001. In its current form, it became active in June, 2018 with nine members appointed by the Commission. Its purposes are to develop workforce and economic opportunities in the county and region; to use financial tools that are available to the authority to solicit entrepreneurial investment in the county; and to secure financial resources for marketing communities and incentives to close deals as an integral part of effective economic development efforts.

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

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

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

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

SUPPLEMENTARY INFORMATION

STEWART COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

CDBG Fund - This fund is used to account for road and drainage project using Community Development Block Grant funds.

STEWART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue Funds										Capital Projects Funds		Total
	Parks Fund	Condemnation of Controlled Substances Money	Sheriff's Grant Fund	Jail Construction & Staffing Fund	E-911 Fund	Drug Abuse Education & Treatment Fund	Law Library	2013-2018		Nonmajor Governmental Funds			
								CDBG Street and Drainage Project	Special Purpose Sales Tax Fund				
ASSETS													
Cash and cash equivalents	\$ 10,623	\$ 3,083	\$ 2,013	\$ 8,406	\$ 6,738	\$ 49,817	\$ 70,386	\$ 92	\$ 154,417	\$ 305,575			
Due from SPLOST 2019	-	-	-	-	-	-	-	38,818	89,868	89,868			
Due from other governments	-	-	-	-	-	-	-	-	-	38,818			
Total assets	\$ 10,623	\$ 3,083	\$ 2,013	\$ 8,406	\$ 6,738	\$ 49,817	\$ 70,386	\$ 38,910	\$ 244,285	\$ 434,261			
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,318	\$ -	\$ 33,318			
Due to General Fund	-	-	-	-	-	-	-	5,500	-	5,500			
Total Liabilities	-	-	-	-	-	-	-	38,818	-	38,818			
FUND BALANCES													
Restricted for:													
Culture and recreation	10,623	-	-	-	-	-	-	-	-	-	10,623		
Judicial	-	-	-	-	6,738	-	70,386	92	-	-	77,216		
Public safety	-	3,083	2,013	8,406	-	49,817	-	-	-	-	63,319		
Capital projects	-	-	-	-	-	-	-	-	244,285	-	244,285		
Unassigned	-	-	-	-	-	-	-	-	-	-	-		
Total fund balances	10,623	3,083	2,013	8,406	6,738	49,817	70,386	92	244,285	395,443			
Total liabilities and fund balances	\$ 10,623	\$ 3,083	\$ 2,013	\$ 8,406	\$ 6,738	\$ 49,817	\$ 70,386	\$ 38,910	\$ 244,285	\$ 434,261			

STEWART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds										Capital Projects Funds		Total
	Parks Fund	Condemnation of Controlled Substances Money	Sheriff's Grant Fund	Construction & Staffing Fund	Jail	E-911 Fund	Drug Abuse Education & Treatment Fund	Law Library	CDBG Street and Drainage Project	2013-2018 Special Purpose Sales Tax Fund	Nonmajor Governmental Funds		
Revenues													
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,818	\$ 81,384	\$ 81,384	\$ 81,384	
Intergovernmental	-	-	-	23,735	-	-	2,054	3,451	-	-	-	43,818	
Fines and forfeitures	-	-	-	-	-	71,251	-	-	-	-	-	29,240	
Charges for services	-	-	-	-	-	-	-	-	-	1,625	-	71,251	
Interest income	-	-	-	-	-	-	-	-	-	-	-	1,625	
Grant from private sources	-	-	5,000	-	-	-	-	-	-	-	-	5,000	
Total revenues	-	-	5,000	23,735	71,251	2,054	3,451	43,818	83,009	83,009	232,318		
Expenditures													
Current													
Public safety	-	36	5,637	20,300	149,450	-	-	-	1,744	-	-	177,167	
Public works	-	-	-	-	-	-	-	43,836	54,256	-	-	43,836	
Intergovernmental support	-	-	-	-	-	-	-	-	-	-	-	54,256	
Capital outlay	-	-	-	-	6,100	-	-	-	26,778	-	-	32,878	
Public safety	-	36	5,637	20,300	155,550	-	-	43,836	82,778	-	-	308,137	
Total expenditures	-	(36)	(637)	3,435	(84,299)	2,054	3,451	(18)	231	231	(75,819)		
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	
Other financing sources (uses)													
Transfer in from General Fund	-	-	-	-	81,189	-	-	110	-	-	-	81,299	
Total other financing sources (uses)	-	-	-	-	81,189	-	-	110	-	-	-	81,299	
Net change in fund balances	-	(36)	(637)	3,435	(3,110)	2,054	3,451	92	231	231	5,480		
Fund balances, beginning of year	10,623	3,119	2,650	4,971	9,848	47,763	66,935	-	244,054	-	389,963		
Fund balances, end of year	\$ 10,623	\$ 3,083	\$ 2,013	\$ 8,406	\$ 6,738	\$ 49,817	\$ 70,386	\$ 92	\$ 244,285	\$ 244,285	\$ 395,443		

STEWART COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
 18p-y-128-1-6027
PROJECT COST SCHEDULE
For the Year Ended December 31, 2019

Project Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Year	Total
Acquisition of Property (Public)	P-001P01	\$ 15,000	\$ -	\$ 5,268	\$ 5,268
Contingencies - Unprogrammed Funds	C-022-00	55,593	-	-	-
Engineering - Street Improvements/Flood & Drainage	T-03K-00	67,972	-	26,250	26,250
Flood and Drainage Facilities	P-03K-02	566,435	-	-	-
Administration	A-21A-00	45,000	-	1,230	1,230
Totals		<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 32,748</u>	<u>\$ 32,748</u>

STEWART COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH 2013 - 2018 SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2019

PROJECT	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	
		PRIOR YEARS	CURRENT YEAR		
2013 Referendum					
EMS and Fire equipment and capital improvements	\$ 175,000	\$ 192,758	\$ 1,175	\$ 193,933	
Ambulance	130,000	-	-	-	
Courthouse restoration	125,000	-	-	-	
Roads, streets and bridges	175,000	85,724	-	85,724	
Road maintenance equipment	200,000	-	-	-	
Jail renovation	275,000	-	-	-	
E-911 equipment	250,000	33,184	27,347	60,531	
Water system improvements	100,000	50,000	-	50,000	
Distributions to cities					
Richland	600,000	593,182	27,128	620,310	Note 3
Lumpkin	600,000	593,182	27,128	620,310	Note 3
Total	<u>\$ 2,630,000</u>	<u>\$ 1,548,030</u>	<u>\$ 82,778</u>	<u>\$ 1,630,808</u>	

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

Note 2. Tax for this Capital Projects Fund expired March 31, 2019

Note 3 Subsequent to the signing of the intergovernmental agreement the parties agreed that the County and the two cities would receive one-third each.

STEWART COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH 2019 - 2025 SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2019

PROJECT	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL
		PRIOR YEARS	CURRENT YEAR	
2019 Referendum				
EMS and Fire equipment	\$ 413,360	\$ -	\$ -	\$ -
Ambulance	200,000	-	-	-
Courthouse / Commission Buildings	150,000	-	-	-
Roads	450,000	-	-	-
E-911 equipment	100,000	-	-	-
Recreational Facility	100,000	-	-	-
Distributions to cities				
Richland	593,320	-	59,802	59,802
Lumpkin	593,320	-	59,802	59,802
Bank charges			161	161
Total	<u>\$ 2,600,000</u>	<u>\$ -</u>	<u>\$ 119,765</u>	<u>\$ 119,765</u>

Note 1. Voters approved the re-imposition of the Special Purpose Local Option Sales Tax in a special election on November 6, 2018.

The tax for this Capital Projects Fund began on April 1, 2019, and shall continue for six years.

STEWART COUNTY, GEORGIA
AGENCY FUNDS

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

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

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

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

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

**STEWART COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
December 31, 2019**

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash and cash equivalents	\$ 19,131	\$ 92,644	\$ 8,887	\$ 74	\$ 8,499	\$ 129,235
Uncollected taxes	1,546,742	-	-	-	-	1,546,742
Total Assets	\$ 1,565,873	\$ 92,644	\$ 8,887	\$ 74	\$ 8,499	\$ 1,675,977
LIABILITIES						
Due to others	\$ 19,131	\$ 3,000	\$ 8,887	\$ 74	\$ 8,499	\$ 39,591
Due to others - escrow	\$0.00	89,644	-	-	-	89,644
Uncollected taxes due governments	1,546,742	-	-	-	-	1,546,742
Total Liabilities	\$ 1,565,873	\$ 92,644	\$ 8,887	\$ 74	\$ 8,499	\$ 1,675,977

STEWART COUNTY, GEORGIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended December 31, 2019

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2019</u>
TAX COMMISSIONER				
ASSETS:				
Cash and cash equivalents	\$ 19,500	\$ 6,454,943	\$ 6,455,312	\$ 19,131
Uncollected taxes	<u>1,551,214</u>	<u>4,482,862</u>	<u>4,487,334</u>	<u>1,546,742</u>
Total Assets	<u>\$ 1,570,714</u>	<u>\$ 10,937,805</u>	<u>\$ 10,942,646</u>	<u>\$ 1,565,873</u>
LIABILITIES:				
Funds held for others	\$ 19,500	\$ 6,454,943	\$ 6,455,312	\$ 19,131
Uncollected taxes due governments	<u>1,551,214</u>	<u>4,482,862</u>	<u>4,487,334</u>	<u>1,546,742</u>
Total Liabilities	<u>\$ 1,570,714</u>	<u>\$ 10,937,805</u>	<u>\$ 10,942,646</u>	<u>\$ 1,565,873</u>

CLERK OF SUPERIOR COURT				
ASSETS:				
Cash and cash equivalents	<u>\$ 94,777</u>	<u>\$ 52,013</u>	<u>\$ 54,146</u>	<u>\$ 92,644</u>
Total Assets	<u>\$ 94,777</u>	<u>\$ 52,013</u>	<u>\$ 54,146</u>	<u>\$ 92,644</u>
LIABILITIES:				
Funds held for others	\$ 4,343	\$ 51,239	\$ 52,582	\$ 3,000
Due to others - escrow	<u>90,434</u>	<u>774</u>	<u>1,564</u>	<u>89,644</u>
Total Liabilities	<u>\$ 94,777</u>	<u>\$ 52,013</u>	<u>\$ 54,146</u>	<u>\$ 92,644</u>

SHERIFF				
ASSETS:				
Cash and cash equivalents	<u>\$ 9,043</u>	<u>\$ 22,123</u>	<u>\$ 22,279</u>	<u>\$ 8,887</u>
Total Assets	<u>\$ 9,043</u>	<u>\$ 22,123</u>	<u>\$ 22,279</u>	<u>\$ 8,887</u>
LIABILITIES:				
Funds held for others	<u>\$ 9,043</u>	<u>\$ 22,123</u>	<u>\$ 22,279</u>	<u>\$ 8,887</u>
Total Liabilities	<u>\$ 9,043</u>	<u>\$ 22,123</u>	<u>\$ 22,279</u>	<u>\$ 8,887</u>

(Continued)

STEWART COUNTY, GEORGIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended December 31, 2019

(Continued)

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
PROBATE COURT				
ASSETS:				
Cash and cash equivalents	\$ 5	\$ 256,896	\$ 256,827	\$ 74
Total Assets	\$ 5	\$ 256,896	\$ 256,827	\$ 74
LIABILITIES:				
Funds held for others	\$ 5	\$ 256,896	\$ 256,827	\$ 74
Total Liabilities	\$ 5	\$ 256,896	\$ 256,827	\$ 74
MAGISTRATE COURT				
ASSETS:				
Cash and cash equivalents	\$ 15,640	\$ 37,747	\$ 44,888	\$ 8,499
Total Assets	\$ 15,640	\$ 37,747	\$ 44,888	\$ 8,499
LIABILITIES:				
Funds held for others	\$ 15,640	\$ 37,747	\$ 44,888	\$ 8,499
Total Liabilities	\$ 15,640	\$ 37,747	\$ 44,888	\$ 8,499
TOTAL				
<hr style="border: 0.5px solid black;"/>				
ASSETS				
Cash and cash equivalents	\$ 138,965	\$ 6,823,722	\$ 6,833,452	\$ 129,235
Uncollected taxes	1,551,214	4,482,862	4,487,334	1,546,742
Total Assets	\$1,690,179	\$ 11,306,584	\$ 11,320,786	\$ 1,675,977
LIABILITIES				
Funds held for others	48,531	6,822,948	6,831,888	39,591
Due to others - escrow	90,434	774	1,564	89,644
Uncollected taxes due governments	1,551,214	4,482,862	4,487,334	1,546,742
Total Liabilities	\$1,690,179	\$ 11,306,584	\$ 11,320,786	\$ 1,675,977

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 Stewart County, Georgia
Lumpkin, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Stewart County, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Stewart County's basic financial statements, and have issued our report thereon dated December 28, 2020. Our report includes a reference to other auditors who audited the financial statements of the Stewart County Department of Public Health, as described in our report on Stewart County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-009).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. (2019-007).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stewart County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items. (2019-004, 2019-006, 2019-008).

Stewart County's Response to Findings

Stewart County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Stewart County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Chambless Sheppard Roland : Associates LLP

Americus, Georgia
December 28, 2020

STEWART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

**SECTION I
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal control over financial reporting material weaknesses identified	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant Deficiencies Identified not considered to be material weaknesses	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Noncompliance material to financial statements noted	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Federal Awards

There was not an audit of federal award programs as of December 31, 2019, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2019-001 Segregation of Duties - Agency Funds

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

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

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

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

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

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

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

STEWART COUNTY, GEORGIA
 SCHEDULE OF FINDINGS AND RESPONSES
 For the Year Ended December 31, 2019

2019-002 Incomplete Bank Reconciliations

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

Condition: Bank reconciliations for the General Fund was incomplete.

Effect: On the original trial balance furnished to us for audit the General Fund Operating Cash reported a balance of \$509,569.89; and the Payroll Cash account reported an overdraft of \$273,828.57. Actual reconciled balances for those two accounts were \$710,452.75 and \$22,936.32, respectively. On the original EMS trial balance provided to us for audit the cash reported a balance of \$47,350.23; the actual reconciled balance was \$4,816.72. Additionally, reconciliations for the following General Fund cash accounts had not been prepared: NOW Account, Insurance Premium Tax Account, Codification Account, SPLOST Fire Account, Money Market Account, and Savings Accounts.

Cause: Month-end accounting procedures are not in place to ensure that all transactions affecting cash are posted properly to the general ledger.

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

Management's Response: We concur with the finding. In July, 2019, the County retained the services of an accounting consultant, who helped us clean-up 2018. She started the clean-up efforts for 2019 in March of 2020. For 2019, she made approximately 219 entries to correct errors or omissions in the Operating and Payroll accounts, and 31 entries in the EMS account. She continues to assist in training our accounting staff including developing proper policies and procedures. The County Manager will more closely supervise the accounting staff and review bank reconciliations and financial reports on a regular basis.

2019-003 Failure to Adopt Budgets for the Special Revenue Fund.

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

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

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

Effect: Unbudgeted expenditures were as follows:

Sheriff's Grant.....	5,637
Sheriff's Condemnation of Controlled Substances Fund.....	36
Jail Construction and Staffing.....	20,300
E-911 Fund.....	155,550
TIA.....	703,264

STEWART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

2019-003 Failure to Adopt Budgets for the Special Revenue Fund (continued)

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

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

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

2019-004 Excess Funds in Accounts of Magistrate Court and Sheriff's Office

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

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

Effect: At December 31, 2019, the Magistrate Court account held a total of \$8,499; the Sheriff's Office account held excess cash of \$8,887.

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

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

Management's Response: We concur with the finding. During the year the Magistrate Court Judge distributed \$6,608.10 to the General Fund. The County Manager will work with the elected officials to clear the undocumented funds.

2019-005 Financial Statement Presentation

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

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

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

STEWART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

2019-005 Financial Statement Presentation (continued)

Effect (continued): **General Fund:** Assets were increased \$448,939; liabilities and deferred inflows of resources were increased \$91,988; revenue was increased \$494,755; expenditures were increased \$64,785; and transfers out was increased \$73,019.

E-911 Fund: Assets increased \$4,132; revenue decreased \$4,132; and expenditures increased \$389; and transfers in increased \$389.

EMS Fund: Assets were increased \$2,108; liabilities were decreased \$47,391 (primarily to payment of capital leases); revenue was decreased \$17,245 (to adjust accounts receivable); expenses (including depreciation) were decreased \$24,878; non-operating revenues (grants) increased by \$11,970; non-operating expenses (interest) increased by \$15,891; and transfers in were increased \$45,786.

TSPLOST Fund: Assets increased by \$10,104; liabilities increased by \$3,626; revenues increased \$557; expenditures increased \$130,109; non-operating revenue increased \$136,029

SPLOST 2013: Assets increased \$58,294; liabilities decreased \$21,049; revenue was decreased \$212,471, expenditures decreased \$78,016; transfer to SPLOST 2019 decreased \$213,798.

SPLOST 2019: Assets increased \$87,986; liabilities increased \$89,868; revenue increased \$210,414; expenditures decreased \$1,502; transfer from SPLOST 2013 decreased \$213,798.

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

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

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

2019-006 Expenditures in Excess of the Budget

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

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

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

STEWART COUNTY, GEORGIA
 SCHEDULE OF FINDINGS AND RESPONSES
 For the Year Ended December 31, 2019

2019-006 Expenditures in Excess of the Budget (continued)

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

General Fund	
Registrar's office	\$ 11,461
Probate court	92
Indigent defense	4,768
Sheriff's Department	43,375
Emergency Management	1,754
Georgia State Patrol support	3,206
Fire fighting	2,162
Solid waste collection	197,201
Culture and Recreation	1,725
Housing and Development	15,865
Transfers out	548,686
	<u>\$ 830,295</u>

Cause: Budgets were not amended. Transfer out was made to supplement the EMS Fund. The county did not record all transactions.

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

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

2019-007 Purchasing and Procurement

Criteria: Purchases made without sufficient documentation.

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

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

Cause: Failure to adhere to the purchasing policy.

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

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

STEWART COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

2019-008 Employment Verification and Immigration Compliance

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

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

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

Cause: Department heads and elected officials failure to comply.

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

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

2019-009 Compensated Absences

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

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

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

Cause: The county had misinterpreted the personnel policy.

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

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

STEWART COUNTY, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

2018-001 Segregation of Duties - Agency Funds

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

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

Auditee Response/ Status: Unresolved. See 2019-001.

2018-002 Incomplete Bank Reconciliations

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

Condition: Bank reconciliations for the General Fund was incomplete.

Auditee Response/ Status: Unresolved. See 2019-002.

2018-003 Incomplete Budget for the General Fund

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

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

Auditee Response/ Status: Resolved.

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

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

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

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

Auditee Response/ Status: Unresolved. See 2019-003.

STEWART COUNTY, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

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

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

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

Auditee Response/ Status: Unresolved. See 2019-004.

2018-006 Financial Statement Presentation

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

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

Auditee Response/ Status: Unresolved. See 2019-005.

2018-007 Expenditures in Excess of the Budget

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

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

Auditee Response/ Status: Unresolved. See 2019-006.

2018-008 Purchasing and Procurement

Criteria: Purchases made without sufficient documentation.

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

Auditee Response/ Status: Unresolved. See 2019-007.

STEWART COUNTY, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2019

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

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

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

Auditee Response/ Status: Resolved.

2018-010 Employment Verification and Immigration Compliance

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

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

Auditee Response/ Status: Unresolved. See 2019-008.

2018-011 Compensated Absences

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

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

Auditee Response/ Status: Unresolved. See 2019-009.



**CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP**

REPORT ON ANNUAL REPORT OF 9-1-1 COLLECTIONS AND EXPENDITURES

Board of Commissioners
of Stewart County, Georgia
Lumpkin, Georgia

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about Stewart County, Georgia's compliance during the fiscal year ended December 31, 2019 with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Stewart County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Stewart County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Stewart County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Stewart County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Stewart County, Georgia complied with the aforementioned requirement during the fiscal year ended December 31, 2019 is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

The budgetary comparison information, Community Development Block Grant Schedules and the Certificate of 9-1-1 Expenditures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Chambliss Sheppard Roland & Associates LLP

December 28, 2020
Americus, Georgia

STEWART COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended
DECEMBER 31, 2019

Line No.	O.C.G.A. Reference	
1		Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund
2	46-5-134(e)	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)
		<u>EARLY COUNTY, GEORGIA</u> \$ <u>140,400</u>
		<hr style="border-top: 1px solid black;"/> \$ _____
		<hr style="border-top: 1px solid black;"/> \$ _____
3		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:
3a	46-5-134(D)(1)(A)	Lease costs \$ _____
3b	46-5-134(D)(1)(A)	Purchase costs \$ _____
3c	46-5-134(D)(1)(A)	Maintenance costs \$ <u>389</u>
4	46-5-134(F)(1)(B)	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges \$ _____
5		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2
5a	46-5-134(D)(1)(C)	Salaries and wages \$ _____
5b	46-5-134(D)(1)(C)	Employee benefits \$ _____
6	46-5-134(D)(1)(D)	Cost of training of employees who work as dispatchers or directors \$ _____
7	46-5-134(F)(1)(E)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services \$ _____
8		Building used as a public safety answering point:
8a	46-5-134(F)(1)(F)	Lease costs \$ _____
8b	46-5-134(D)(1)(F)	Purchase costs \$ <u>6,100</u>
9		Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:
9a	46-5-134(D)(1)(G)	Lease costs \$ _____

STEWART COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended
DECEMBER 31, 2019

9b	Purchase costs	46-5-134(f)(1)(G)	\$ _____
9c	Maintenance costs	46-5-134(f)(1)(G)	\$ _____
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	\$ _____
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	\$ _____
11b	Purchase costs	46-5-134(f)(1)(I)	\$ _____
11c	Maintenance costs	46-5-134(f)(1)(I)	\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ _____
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$ _____
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$ _____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$ _____
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$ _____
16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$ _____

STEWART COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended
DECEMBER 31, 2019

17 Other expenditures not included in Lines 2 through 16 above.
Identify by object and purpose.

<u>ELECTRIC UTILITY</u>	\$ <u>955</u>
<u>PHONE COMMUNICATION SERVICE</u>	\$ <u>15</u>
<u>ADDRESSING ANNUAL SUPPORT</u>	\$ <u>3000</u>
<u>GOOGLE MAP & STREET VIEW INTERFACE</u>	\$ <u>1000</u>
<u>ADDRESSING STREET VIEW ANNUAL SUPPORT</u>	\$ <u>1000</u>
<u>COMPUTER SERVICE</u>	\$ <u>2586</u>
<u>BANK CHZRGES - WITHDRAWAL FEE</u>	\$ <u>105</u>
_____	\$ _____

18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above) \$ 155,550

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official Joseph B. Williams Date 12-28-20

Print Name of Chief Elected Official Joseph B. Williams

Title of Chief Elected Official Chair

Signature of Chief Financial Officer Mac Moye Date 12-28-20

Print Name of Chief Financial Officer Mac Moye