EFFINGHAM COUNTY, GEORGIA

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR
ENDED JUNE 30, 2011

Effingham County, Georgia
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For the Year Ended June 30, 2011

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Management Discussion and Analysis

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Effingham County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Effingham County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Effingham County Board of Health, which financial statements reflect total assets of $657,853 at June 30, 2011, and total revenues of $916,008. The Effingham County Board of Health is a discretely presented component unit included in Effingham County, Georgia's financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for this entity 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2011, on our consideration of Effingham County, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, and the budgetary comparison information on pages 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Effingham County, Georgia's basic financial statements as a whole. The combining and individual fund statements and other schedules, including the Schedule of Projects Constructed with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements. All such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements or the to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Carr, Hodges, Pace & Company, P.C.

Rincon, Georgia
November 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Effingham County, Georgia (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The County's assets exceeded its liabilities by $107,323,422 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
  (1) Capital assets, net of related debt, of $75,204,521 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $14,218,002 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $17,900,899 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's governmental funds reported total ending fund balance of $30,217,210 this year. This compares to the prior year ending fund balance of $38,294,038 showing an decrease of $8,076,828 during the current year. The ending fund balance resources have been classified and reflect the use or intended use of the resource.
  (1) At the end of the current fiscal year, restricted fund balance for the General Fund was $4,902,811.
  (2) At the end of the current fiscal year, committed fund balance for the General Fund was $ 5,324,209.
  (3) At the end of the current fiscal year, unassigned fund balance for the General Fund was $ 288,926.
- Though during the fiscal year there have been substantial transfers made from the General to other funds overall, the County is continuing to maintain a strong financial position from which to operate and handle anticipated future capital needs as well as to stabilized revenue.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2011.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the County's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by sales and property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include water and sewer systems and sanitation.

The government-wide financial statements are presented on pages 16 & 17 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 18 through 21 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County's proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Currently the County provides sanitation services to customers in the unincorporated areas of the County and services for water and sewer utilities in certain areas of the southern part of the unincorporated County.

The basic enterprise fund financial statements are presented on pages 22 through 25 of this report.

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Supplementary Information

As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 53.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Financial Analysis of the County as a Whole

The County implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole.

The County's net assets at fiscal year-end are $107,323,422. The following table provides a summary of the County's net assets:

Summary of Net Assets (in millions)

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current Assets	35.8	43.4	6.0	-0.8	41.8	42.6
Capital Assets	66.6	68.3	38.8	39.9	105.4	108.2
Total Assets	102.4	111.7	44.8	39.1	147.2	150.8
Liabilities						
Current Liabilities	3.1	3.4	6.2	7.0	9.3	10.4
Long- Term Liabilities	2.8	3.1	27.7	31.2	30.5	34.3
Total Liabilities	5.9	6.5	33.9	38.2	39.8	44.7
Net Assets						
Invested in capital Assets, net of debt	65.4	66.6	9.8	6.5	75.2	73.1
Restricted	14.1	13.2	0.1	3.6	14.2	16.8
Unrestricted	17.0	25.4	1.0	-9.2	18.0	16.2
Total Net Assets	96.5	105.2	10.9	0.9	107.4	106.1

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 11.55 to 1.

The County reported positive balances in net assets for both governmental and business-type activities. Net assets decreased by $8,699,348 for governmental activities and increased by $9,967,609 for business-type activities. The County's overall financial position appears to have improved during fiscal year 2011. Note that approximately65% of the Governmental Activities' net assets are invested in capital. The County uses these capital assets to provide services to its citizens. However, with business type activities, water, sewer, and sanitation, the County has a 1.0 million of unrestricted, undesignated and 9.8 million invested in Capital Assets with total net assets of 10.9 million. Capital assets in the business-type activities will be providing utility services, but they also generate revenues for this fund.

The following table provides a comparative summary of the County's changes in net assets:

Summary of Changes in Net Assets

	2011				2010			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	$ 5,423,720	$ 3,896,818	$ 9,320,538	20%	$ 5,036,207	$ 3,561,598	$ 8,597,805	17%
Operating grants	2,374,501	-	2,374,501	5%	2,292,580	-	2,292,580	4%
Capital grants	1,765,864	113,444	1,879,308	4%	7,814,585	263,470	8,078,055	16%
General:								
Taxes	33,329,854		33,329,854	71%	32,315,943	-	32,315,943	63%
Other	228,959	44,421	273,380	1%	163,483	108,794	272,277	1%
Total revenues	43,122,898	4,054,683	47,177,581	100%	47,622,798	3,933,862	51,556,660	100%
Program Expenses:								
General government	6,397,147	-	6,397,147	14%	6,630,339	-	6,630,339	15%
Judicial	2,354,289	-	2,354,289	5%	2,253,844	-	2,253,844	5%
Public safety	19,652,162	-	19,652,162	43%	17,166,039	-	17,166,039	39%
Public works	6,797,532	-	6,797,532	15%	6,581,745	-	6,581,745	15%
Health and welfare	888,927	-	888,927	2%	990,091	-	990,091	2%
Culture and recreation	2,063,177	-	2,063,177	4%	2,041,714	-	2,041,714	5%
Housing and development	1,152,523	-	1,152,523	3%	1,939,104	-	1,939,104	4%
Interest	50,436	-	50,436	0%	120,601	-	120,601	0%
Water	-	2,384,941	2,384,941	5%	-	2,185,449	2,185,449	5%
Sewer	-	1,520,930	1,520,930	3%	-	1,499,535	1,499,535	3%
Sanitation	-	2,647,256	2,647,256	6%	-	2,552,807	2,552,807	6%
Total expenses	39,356,193	6,553,127	45,909,320	100%	37,723,477	6,237,791	43,961,268	100%
Excess	3,766,705	(2,498,444)	1,268,261		9,899,321	(2,303,929)	7,595,392	
Transfers	(12,466,053)	12,466,053	-		(552,164)	552,164	-	
Change in net assets	(8,699,348)	9,967,609	1,268,261		9,347,157	(1,751,765)	7,595,392	
Beginning net assets	105,136,742	918,419	106,055,161		95,789,585	2,670,184	98,459,769	
Adjustment to Assets			-				-	
Ending net assets	$ 96,437,394	$ 10,886,028	$107,323,422		$ 105,136,742	$ 918,419	$ 106,055,161	

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2011, Property taxes provided 39.0% of the County's governmental revenues and sales taxes provided 33.5% of the County's governmental revenues. We have been able to earn $26,692 in interest earnings to support governmental activities. Also, note that program revenues cover only 24.3% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 75.7% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the County's revenue streams.

Governmental Functional Expenses

The public safety function comprises 49.93% (46.94% in 2010) of the County's total governmental expenses. The public works function makes up 17.27% (14.83% in 2010) of the total governmental expenses.

This table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	$ 6,397,147	$ 5,307,740
Judicial	2,354,289	991,954
Public safety	19,652,162	13,785,371
Public works	6,797,532	6,193,884
Health and welfare	888,927	719,483
Culture and recreation	2,063,177	1,720,199
Housing and development	1,152,523	1,023,041
Interest on long-term debt	50,436	50,436
Total	$ 39,356,193	$ 29,792,108

Business-Type Activities

The County is in its eighth year of the development of its water and sewer operations. The operating revenues for water and sewer in 2011 were $1,187,529 and $1,006,723 for 2010. Operating expenses for 2011 were $ 2,811,281 and $2,565,419 for 2010. An operating loss of $1,623,752 was incurred for 2011 and for 2010, the operating loss was $1,558,696.

The operating revenues for the sanitation fund were $2,709,289 for 2011 and $2,573,504 for 2010. This activity resulted in operating income of $62,033 but after including interest income, the fund reported net income of $102,258.

FUND LEVEL FINANCIAL STATEMENTS

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $30,217,210. Of this year-end total, $284,876 is unassigned indicating availability. Legally restricted fund balances (i.e., the restricted fund balances) include but are not limited to: $11,186,565 committed to approved SPLOST projects, and $2,791,702 restricted to public safety purposes including the emergency 911 program and Fire Services. In addition, committed fund balances within the general fund are $5,437,343.

The total ending fund balances of governmental funds show a decrease of $8,076,828 or 21.1% of the prior years' total fund balance. This decrease is primarily the result of the events and programs described within the analysis of the County's governmental activities presented in the next section.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by $14,109,572 from the prior year. This was due primarily to transfers made to the Water & Sewer funds and Special Tax District fund.

Property taxes increased approximately $679 thousand or 4.3%. In 2011, the millage rate remained the same at 8.553 mils. The net tax digest decreased from $1,768,924,359 to $1,731,540,617. The General Fund's ending fund balance is considered to be in a strong position, representing the equivalent of 38.46% of actual annual expenditures for 2011. Included in this fund balance is $4.2 million which has been committed for stabilization in unforeseen emergencies or for working capital.

The total general fund expenditures were approximately $28.7 million or approximately $0.3 million less than the prior year.

General fund general government costs decreased from $5,086,977 in 2010 to $4,962,179 in 2011.

General fund public safety costs increased from $14,420,137 in 2010 to $ 15,431,373 in 2011.

General fund public works costs decreased from $2,582,485 in 2010 to $2,277,893 in 2011.

General fund housing and development costs decreased from $1,953,003 in 2010 to $1,170,058 in 2011.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status as referenced above.

General Fund Budgetary Highlights

Revenues - The revenue budget was amended upward by $1,189,225 primarily related to an increase in tax receipts, intergovernmental revenues, and fines. Most other revenue final budgets were consistent with the original budgets.

The actual revenue from charges and services was $178,142 above the final budget. Taxes were $103,443 above the final budgeted revenue. For investment earnings, the budget fell short by $30,306.

Expenditures - The expenditure side of the original budget for the General Fund was revised upward for various items during the year by $1,189,225 or 4%. The total general fund budget was under spent by $1,185,563. The County spent 97% of its final general fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2011, was $66,600,288 and $38,825,878 respectively. The total net decrease in this net investment was $1,673,812 for governmental activities, and a $1,066,749 decrease for business-type activities. The decreases in these amounts relate to additions to governmental activities assets of $5,272,726 less depreciation of $6,946,538, and business-type asset additions of $86,779 less depreciation of $1,153,528.

See Note 7 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

(This page continued on next page)

Capital Assets						
	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land and land rights	$ 4,516,936	$ 3,997,180	$ 1,386,918	$ 1,366,918	$ 5,903,854	$ 5,364,098
Construction in progress	2,968,606	11,208,995	1,485,785	1,485,785	4,454,391	12,694,780
Total non-depreciable assets	7,485,542	15,206,175	2,872,703	2,852,703	10,358,245	18,058,878
Depreciable assets:						
Buildings	29,309,975	25,741,093			29,309,975	25,741,093
Land and building improvements	6,076,157	6,061,499			6,076,157	6,061,499
Water system, wells and lines			9,329,603	9,281,446	9,329,603	9,281,446
Sewer systems and lines			12,699,619	12,699,619	12,699,619	12,699,619
Waste Water Treatment Plant			16,595,226	16,595,226	16,595,226	16,595,226
Waste Water Equipment			2,437,210	2,437,210	2,437,210	2,437,210
Other equipment	17,018,183	15,504,890			17,018,183	15,504,890
Transportation equipment	5,807,942	5,500,775	97,384	78,762	5,905,326	5,579,537
Furniture and fixtures	1,254,029	1,021,266			1,254,029	1,021,266
Computers and peripherals	721,654	672,029	13,707	13,707	735,361	685,736
Infrastructure	96,919,829	89,935,210			96,919,829	89,935,210
Total depreciable assets	157,107,769	144,436,762	41,172,749	41,105,970	198,280,518	185,542,732
Less accumulated depreciation	97,993,023	91,368,837	5,219,574	4,066,046	103,212,597	95,434,883
Book value - depreciable assets	59,114,746	53,067,925	35,953,175	37,039,924	95,067,921	90,107,849
Percentage depreciated	38%	37%	87%	90%	48%	49%
Book value - all assets	$ 66,600,288	$ 68,274,100	$ 38,825,878	$ 39,892,627	$ 105,426,166	$ 108,166,727

At June 30, 2011, the depreciable capital assets for governmental activities were 38% depreciated. This compares approximately equally to the June 30, 2010 percentage.

(This page continued on next page)

Long-term Debt

At the end of the fiscal year, the County had total capital leases outstanding of $1,218,232 and notes payable within the Business-type activities of $29,003,413.

During the year, the County retired $441,709 of governmental activities debt or 26.6% of the beginning outstanding debt balance.

	Governmental Activities		Percentage
	2011	2010	Change
Capital leases	$ 1,218,232	$ 1,659,941	-27%
Landfill closure and postclosure care	1,543,961	1,513,688	2%
Compensated absences	829,479	760,349	9%
Total	$ 3,591,672	$ 3,933,978	-9%

See Note 9 for additional information about the County's long-term debt.

Economic Conditions Affecting the County

The County is physically located in the southeastern portion of the State of Georgia, in the greater Savannah, Georgia area. This area of southeast Georgia has experienced moderate economic growth.

The County is growing with a population increase of 52% from 1990 to 2010.

Since the County relies primarily on property and sales taxes, changes in the economy definitely affect the revenue streams. Since sales taxes are an "elastic revenue stream," in a sluggish economy, sales tax revenues can be reduced immediately. Property taxes are considered "inelastic" in the short-term; this revenue stream is more stable. Fortunately, for the County, because of its revenue stream makeup, it is able to survive financially in a slow economy.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County's Finance Director at 601 North Laurel Street, Springfield, Georgia 31329 or telephone 912-754-8011.

Basic Financial Statements

Effingham County, Georgia
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents (Note 4)	$ 29,537,542	$ 5,103,007	$ 34,640,549	$ 626,479
Restricted cash (Note 4)	172,024	132,945	304,969	
Receivables:				
Accounts	1,099,244	263,523	1,362,767	19,376
Property taxes	2,034,793		2,034,793	
Sales taxes	974,422		974,422	
Internal	49,936	(49,936)	0	
Inventories	2,463		2,463	
Prepaid items	541,009	54	541,063	
Deferred charges - loan costs		533,137	533,137	
Pension net assets	1,383,173		1,383,173	
Capital assets (Note 7)				
Nondepreciable capital assets	7,485,542	2,872,703	10,358,245	
Depreciable capital assets, net	59,114,746	35,953,175	95,067,921	11,998
Total assets	102,394,894	44,808,608	147,203,502	657,853
Liabilities				
Current liabilities				
Accounts payable	1,321,319	526,622	1,847,941	
Accounts payable from restricted assets		6,894	6,894	
Accrued expenses	914,928	56,950	971,878	
Accrued interest payable	26,591	83,704	110,295	
Due to Department of Community Health				18,041
Performance bonds	102,990		102,990	
Customer deposits		59,798	59,798	
Unearned revenue		4,185,199	4,185,199	
Compensated absences payable	497,687		497,687	7,857
Capital leases payable	212,330		212,330	
Notes payable		1,319,983	1,319,983	
Long-term liabilities: (Note 9)				
Notes payable (net of current portion)		27,683,430	27,683,430	
Compensated absences payable (net of current portion)	331,792		331,792	31,430
Capital leases payable (net of current portion)	1,005,902		1,005,902	
Landfill closure and postclosure care costs payable	1,543,961		1,543,961	
Total liabilities	5,957,500	33,922,580	39,880,080	57,328
Net assets				
Invested in capital assets, net of related debt (Note 12)	65,382,056	9,822,465	75,204,521	11,998
Restricted for:				
Capital projects	11,186,565	130,651	11,317,216	
Debt service	160		160	
Public safety	974,666		974,666	
Program purposes	1,925,960		1,925,960	218,000
Unrestricted	16,967,987	932,912	17,900,899	370,527
Total net assets	$ 96,437,394	$ 10,886,028	$ 107,323,422	$ 600,525

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

Effingham County, Georgia
Statement of Activities
For the Year Ended June 30, 2011

Function/Program	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants Contributions, and Interest	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary government								
Governmental activities								
General government	$ 6,397,147	$ 998,728	$ 85,506	$ 5,173	$ (5,307,740)		$ (5,307,740)	
Judicial	2,354,289	155,624	9,818	1,196,893	(991,954)		(991,954)	
Public safety	19,652,162	3,769,137	2,097,654		(13,785,371)		(13,785,371)	
Public works	6,797,532	122,307		481,341	(6,193,884)		(6,193,884)	
Health and welfare	888,927		169,444		(719,483)		(719,483)	
Culture and recreation	2,063,177	256,359	4,162	82,457	(1,720,199)		(1,720,199)	
Housing and development	1,152,523	121,565	7,917		(1,023,041)		(1,023,041)	
Interest	50,436				(50,436)		(50,436)	
Total governmental activities	39,356,193	5,423,720	2,374,501	1,765,864	(29,792,108)	$ 0	(29,792,108)	
Business-type activities:								
Water	2,384,941	1,164,004		10,885		(1,210,052)	(1,210,052)	
Sewer	1,520,930	23,525				(1,497,405)	(1,497,405)	
Sanitation	2,647,256	2,709,289				62,033	62,033	
Other				102,559		102,559	102,559	
Total business-type activities	6,553,127	3,896,818	0	113,444	0	(2,542,865)	(2,542,865)	
Total primary government	$ 45,909,320	$ 9,320,538	$ 2,374,501	$ 1,879,308	(29,792,108)	(2,542,865)	(32,334,973)	
Component unit								
Effingham County Board of Health	$ 798,515	$ 254,308	$ 476,854	$ 0				$ (67,353)
General revenues								
Property taxes levied for general government purposes					16,800,841		16,800,841	
Sales taxes					14,459,824		14,459,824	
Insurance premium taxes					1,450,022		1,450,022	
Other taxes					619,167		619,167	
Gain on sale of capital assets					19,882		19,882	
Investment earnings					26,692	44,421	71,113	
Miscellaneous					182,385		182,385	184,846
Total general revenues					33,558,813	44,421	33,603,234	184,846
Transfers					(12,466,053)	12,466,053	0	
Total general revenues and transfers					21,092,760	12,510,474	33,603,234	184,846
Change in net assets					(8,699,348)	9,967,609	1,268,261	117,493
Net assets beginning of year					105,136,742	918,419	106,055,161	483,032
Net assets end of year					$ 96,437,394	$ 10,886,028	$ 107,323,422	$ 600,525

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

Effingham County, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 10,357,562	$ 5,002,929	$ 10,950,973	$ 3,226,078	$ 29,537,542
Restricted cash	172,024				172,024
Receivables:					
Accounts	876,480	72,445		150,319	1,099,244
Property taxes	2,034,793				2,034,793
Sales taxes	425,452		548,970		974,422
Interfund	212,665			65,157	277,822
Inventories	2,463				2,463
Prepaid items	536,076			4,933	541,009
Total assets	$ 14,617,515	$ 5,075,374	$ 11,499,943	$ 3,446,487	$ 34,639,319
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 766,902		$ 313,378	$ 241,039	$ 1,321,319
Accrued expenditures	838,152			76,776	914,928
Performance bonds	102,990				102,990
Interfund payable				227,886	227,886
Deferred revenue	1,854,986				1,854,986
Total liabilities	3,563,030	$ 0	313,378	545,701	4,422,109
Fund balances					
Nonspendable					
Inventories	2,463				2,463
Prepaid items	536,076			4,933	541,009
Restricted for:					
Performance bonds	69,034				69,034
Landfill closure and post-closure	1,543,961				1,543,961
Special service district - unicorporated area		5,075,374			5,075,374
Service delivery to incorporated areas:					
City of Rincon	2,344,201				2,344,201
City of Springfield	530,668				530,668
City of Guyton	414,947				414,947
Public safety				1,387,915	1,387,915
Public works and recreation				1,398,694	1,398,694
Capital projects			11,186,565		11,186,565
Debt service				160	160
Committed for:					
Economic stabilization	4,200,000				4,200,000
Subsequent year expenditures	1,124,209			113,134	1,237,343
Unassigned	288,926			(4,050)	284,876
Total fund balances	11,054,485	5,075,374	11,186,565	2,900,786	30,217,210
Total liabilities and fund balances	$ 14,617,515	$ 5,075,374	$ 11,499,943	$ 3,446,487	$ 34,639,319

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

Effingham County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Total Governmental Fund Balances		$ 30,217,210
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	$ 164,593,311	
Less accumulated depreciation	(97,993,023)	66,600,288
Pension net assets are not current financial resources and are not recognized at the fund financial reporting level but are reported on the government-wide statement of net assets.		1,383,173
Property taxes are deferred in the governmental funds because they are not available but they are reported as revenue on the statement of activities.		1,854,986
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide reporting level.		(26,591)
Liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases payable	(1,218,232)	
Landfill closure and postclosure care costs	(1,543,961)	
Compensated absences	(829,479)	(3,591,672)
Net Assets of Governmental Activities		$ 96,437,394

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

Effingham County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 16,430,064	$ 37,105			$ 16,467,169
Sales taxes	6,313,451		$ 8,146,373		14,459,824
Insurance premium taxes				$ 1,450,022	1,450,022
Other taxes	583,827	35,340			619,167
Licenses and permits	157,658				157,658
Intergovernmental	2,375,102			1,268,402	3,643,504
Charges for services	2,536,857			1,437,059	3,973,916
Fines and forfeitures	1,233,888			58,258	1,292,146
Investment earnings	19,694	2,929	20,693	4,069	47,385
Miscellaneous	182,385				182,385
Total revenues	29,832,926	75,374	8,167,066	4,217,810	42,293,176
Expenditures					
Current:					
General government	4,962,179				4,962,179
Judicial	2,377,173				2,377,173
Public safety	15,431,373			4,145,187	19,576,560
Public works	2,277,893			227,511	2,505,404
Health and welfare	893,579				893,579
Culture and recreation	1,552,267				1,552,267
Housing and development	1,170,058				1,170,058
Capital outlays - SPLOST			2,845,151		2,845,151
Intergovernmental			1,543,738		1,543,738
Debt service:					
Principal retirement	71,081		146,124	224,504	441,709
Interest and fiscal charges	724		11,800	43,491	56,015
Total expenditures	28,736,327	0	4,546,813	4,640,693	37,923,833
Excess (deficiency) of revenues to expenditures	1,096,599	75,374	3,620,253	(422,883)	4,369,343
Other financing sources (uses)					
Proceeds from sales of surplus	19,882				19,882
Interfund transfer to E-911 fund	(210,000)			210,000	0
Interfund transfer to special tax district fund	(5,000,000)	5,000,000			0
Interfund transfer to water and sewer funds	(11,531,741)		(2,450,000)		(13,981,741)
Interfund transfer from sanitation fund	1,515,688				1,515,688
Total other financing sources (uses)	(15,206,171)	5,000,000	(2,450,000)	210,000	(12,446,171)
Net change in fund balances	(14,109,572)	5,075,374	1,170,253	(212,883)	(8,076,828)
Fund balances beginning of year	25,164,057		10,016,312	3,113,669	38,294,038
Fund balances end of year	$ 11,054,485	$ 5,075,374	$ 11,186,565	$ 2,900,786	$ 30,217,210

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

Effingham 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 June 30, 2011

Net Changes In Fund Balances - Total Governmental Funds		$ (8,076,828)
Amounts reported for governmental activities in the statement of activities are different because:		
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Depreciation expense	$ (6,946,538)	
Capital outlay	4,796,558	(2,149,980)
Capital assets contributed are not reported at the fund financial reporting level but are reported on the government-wide financial reporting level.		476,168
The increase in pension assets are reported on the government-wide statement of activities but are not on the governmental fund's operating statements.		
Balance at 6/30/11	1,383,173	
Balance at 6/30/10	(1,013,438)	369,735
Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 6/30/11	1,854,986	
Deferred at 6/30/10	(1,521,314)	333,672
Interest expense 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.		
Liability at 6/30/11	(26,591)	
Liability at 6/30/10	32,170	5,579
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		441,709
Landfill closure and post closure care reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Liability at 6/30/11	(1,543,961)	
Liability at 6/30/10	1,513,688	(30,273)
Compensated absences 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.		
Liability at 6/30/11	(829,479)	
Liability at 6/30/10	760,349	(69,130)
Change In Net Assets of Governmental Activities		$ (8,699,348)

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

Effingham County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Major				
	Water and Sewer Operating	Wastewater Treatment Plant	Sanitation	Other Proprietary Funds	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 3,409,777	$ 75,709	$ 1,617,521		$ 5,103,007
Restricted cash				$ 132,945	132,945
Receivables					
Accounts	244,500	13,513	910	4,600	263,523
Interfund	100,000				100,000
Prepaid items	54				54
Total current assets	3,754,331	89,222	1,618,431	137,545	5,599,529
Noncurrent assets					
Deferred charges - loan costs	250,337	282,800			533,137
Capital assets					
Land	100,358	1,286,560			1,386,918
Construction in progress	1,485,785				1,485,785
Systems and equipment (net of depreciation)	19,858,723	16,064,963	29,489		35,953,175
	21,695,203	17,634,323	29,489	0	39,359,015
Total assets	25,449,534	17,723,545	1,647,920	137,545	44,958,544
Liabilities					
Current Liabilities:					
Accounts payable					
From unrestricted assets	109,467	32,217	384,938		526,622
From restricted assets				6,894	6,894
Accrued expenses	9,734	15,302	31,914		56,950
Accrued interest payable	46,066	37,638			83,704
Customer deposits	59,798				59,798
Deferred revenue - aid in construction	4,185,199				4,185,199
Interfund payable	49,649	100,000	287		149,936
Notes payable	610,742	709,241			1,319,983
Total current liabilities	5,070,655	894,398	417,139	6,894	6,389,086
Long-term debt (net of current portion)	13,087,361	14,596,069			27,683,430
Total liabilities	18,158,016	15,490,467	417,139	6,894	34,072,516
Net Assets					
Invested in capital assets, net of related debt	7,746,763	2,046,213	29,489		9,822,465
Restricted for:					
Capital projects				130,651	130,651
Unrestricted	(455,245)	186,865	1,201,292		932,912
Total net assets	$ 7,291,518	$ 2,233,078	$ 1,230,781	$ 130,651	$ 10,886,028

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

Effingham County, Georgia
Statement of Revenues,
Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Major				
	Water and Sewer Operating	Wastewater Treatment Plant	Sanitation	Other Proprietary Funds	Total
Operating revenues					
Charges for services	$ 1,156,138	$ 20,525	$ 2,700,201	$	$ 3,876,864
Miscellaneous	7,866	3,000	9,088		19,954
Total operating revenues	1,164,004	23,525	2,709,289	0	3,896,818
Operating expenses					
Salaries	95,163	105,911	211,273		412,347
Employee benefits	52,439	40,604	78,641		171,684
Professional fees & contract services	5,125	25,151			30,276
Post-closure care			18,877		18,877
Solid waste collection			2,022,536		2,022,536
Solid waste collection - landfill			173,535		173,535
Recycling collection			8,523		8,523
Repairs and maintenance	15,864	20,078	18,065		54,007
Insurance	4,163	11,161	6,832		22,156
Operating supplies	54,385	98,784	26,332		179,501
Environmental programs			26,522		26,522
Utilities	29,632	68,975	5,792		104,399
ECP Water	661,458				661,458
Water flushing	150,925				150,925
Water testing	9,316				9,316
Water Tier I	185,824				185,824
Depreciation	510,763	629,670	13,095		1,153,528
Other	17,100	18,790	37,233		73,123
Total operating expenses	1,792,157	1,019,124	2,647,256	0	5,458,537
Operating income (loss)	(628,153)	(995,599)	62,033	0	(1,561,719)
Non-operating revenues (expenses)					
Impact fees				136,753	136,753
ERU charges				(34,194)	(34,194)
Capital contributions and cost recovery	10,885				10,885
Investment earnings	4,023	62	40,225	111	44,421
Interest expense	(592,784)	(501,806)			(1,094,590)
Total non-operating revenues (expenses)	(577,876)	(501,744)	40,225	102,670	(936,725)
Income (loss) before transfers	(1,206,029)	(1,497,343)	102,258	102,670	(2,498,444)
Interfund transfers	8,022,440	5,931,320	(1,515,688)	27,981	12,466,053
Changes in net assets	6,816,411	4,433,977	(1,413,430)	130,651	9,967,609
Net assets -					
Beginning of year	475,107	(2,200,899)	2,644,211		918,419
End of year	7,291,518	$ 2,233,078	$ 1,230,781	$ 130,651	$ 10,886,028

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

Effingham County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Major				
	Water and Sewer Operating	Wastewater Treatment Plant	Sanitation	Other Proprietary Funds	Total
Increase (decrease) in cash and cash equivalents					
Cash flows from operating activities					
Cash received from customers	$ 1,169,431	$ 24,290	$ 2,708,627		$ 3,902,348
Cash payments to employees for services	(142,896)	(135,843)	(266,905)		(545,644)
Cash payments for goods and services	(1,174,004)	(240,059)	(2,227,843)		(3,641,906)
Net cash provided by (used for) operating activities	(147,469)	(351,612)	213,879	$ 0	(285,202)
Cash flows from noncapital financing activities					
Interfund payable (receivable)	(50,351)	100,000	86	0	49,735
Cash flows from capital and related financing activities					
Water impact fees				132,153	132,153
ERU charges				(27,300)	(27,300)
Capital cost recovery	10,885				10,885
Interfund transfers	3,620,832	1,954,197	(1,515,688)	27,981	4,087,322
Payments on notes payable	(3,193,333)	(1,224,346)			(4,417,679)
Interest paid on notes	(580,119)	(490,723)			(1,070,842)
Payments for capital acquisitions	(68,157)	(18,622)			(86,779)
Net cash used for capital and related financing activities	(209,892)	220,506	(1,515,688)	132,834	(1,372,240)
Cash flows from investing activities					
Interest on investments	4,023	62	40,225	111	44,421
Net increase (decrease) in cash and cash equivalents	(403,689)	(31,044)	(1,261,498)	132,945	(1,563,286)
Cash and cash equivalents Beginning of year	3,813,466	106,753	2,879,019	0	6,799,238
End of year	$ 3,409,777	$ 75,709	$ 1,617,521	$ 132,945	$ 5,235,952

Noncash Transactions:
The Water Fund recorded non cash transfers from the General Fund to recharacterize the prior year interfund balance in the amount of $7,591,434. The Sewer Fund recorded noncash transfers from the General Fund to recharzcterize the prior year interfund balance in the amount of $1,336,761. The Sewer Fund recorded a noncash transfer from the Water Fund to recharacterize the prior year interfund balance in the amount of $3,189,826.

(continued)

Effingham County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

(continued)

	Major			
	Water and Sewer Operating	Wastewater Treatment Plant	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ (628,153)	$ (995,599)	$ 62,033	$ (1,561,719)
Depreciation and amortization	510,763	629,670	13,095	1,153,528
(Increase) decrease in assets				
Accounts receivable	(2,041)	765	(662)	(1,938)
Prepaid expenses	1,358	1,340	5,062	7,760
Increase (decrease) in liabilities				
Customer deposits	7,468			7,468
Accounts payable	(36,071)	1,540	111,342	76,811
Accrued expenses	4,706	10,672	23,009	38,387
Deferred revenues	(5,499)			(5,499)
Net cash provided by (used for) operating activities	$ (147,469)	$ (351,612)	$ 213,879	$ (285,202)

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

Effingham County, Georgia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

	Pension Trust Funds For the Year Ended December 31, 2010
Additions	
Contributions	
Employer	$ 614,596
Plan members	369,213
Total contributions	983,809
Investment income	
Dividends	126,804
Net depreciation in fair value of investments	357,335
	484,139
Less investment expense	12,955
Total investment income	471,184
Total additions	1,454,993
Deductions	
Benefits	104,838
Changes in net assets	1,350,155
Net assets -	
Beginning of year	3,254,312
End of year	$ 4,604,467

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

Effingham County, Georgia
Statement of Fiduciary Net Assets
Fiduciary Funds

	Pension Trust Funds December 31, 2010	Agency Funds June 30, 2011
Assets		
Cash and cash equivalents	$ 147,786	$ 708,457
Investments, at fair value, in mutual funds	4,411,438	
Accounts receivable		
From employer	28,292	
From employee	16,951	
Total assets	4,604,467	$ 708,457
Liabilities		
Due to other jurisdictions		$ 708,457
Net assets		
Held in trust for:		
Employee pension benefits	$ 4,604,467	

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

Note 1 - Reporting Entity

Effingham County, Georgia, (the County) was created pursuant to the Constitution of the State of Georgia of 1777, and is governed by a county commission pursuant to an act of the General Assembly of Georgia, Georgia Law 1921, and as amended by acts of General Assembly of Georgia including Georgia Law 1980, and is currently existing as a political subdivision of the State of Georgia. The County operates under a five-member board of commissioners and a chairman-at-large.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the County constitutional officers (e.g., the sheriff, the tax commissioner).

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

A brief description of the discretely presented component unit follows:

Based on the application of these criteria, the County has included Effingham County Board of Health as a discretely presented component unit. Copies of the discretely presented component unit separate financial statements may be obtained directly from the Effingham County Board of Health, P. O. Box 350, Springfield, Georgia 31329.

The Effingham County Hospital Authority, Effingham County Board of Education, Department of Family and Children Services, and Effingham County Industrial Development Authority all have been evaluated as potential component units and none meet the component unit criteria.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to Counties. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

Note 2 - Summary of Significant Accounting Policies (continued)

The most significant of the County's accounting policies are described below.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues, from business-type activities, generally financed in whole or in part with rental fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and it's discretely presented component unit at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for County and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance.

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance.

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

The Special Tax District Fund – This fund accounts for financial resources to be used for a special service tax district which is composed of the unincorporated areas of the County as agreed to in an intergovernmental agreement with the municipalities of the County.

SPLOST Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major governmental capital projects.

Proprietary funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds are classified as enterprise funds. The following are the County's major enterprise funds:

Water Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing water services to County residents.

Sewer Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing sewer services to County residents.

Sanitation Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing sanitation services to County residents.

Fiduciary Funds – The Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for others. The pension trust fund accounts for the assets and liabilities of the Effingham County Board of Commissioners Defined Benefit Plan. The agency fund reports by the various courts and the tax commissioners for other government entities.

Note 2 - Summary of Significant Accounting Policies (continued)

Measurement Focus

Government-wide financial statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund financial statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its enterprise activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting and agency funds use the accrual basis of accounting. Enterprise funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – exchange transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - non-exchange transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 6). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Note 2 - Summary of Significant Accounting Policies (continued)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred/unearned revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue. Deferred revenue is reclassified as "unearned revenue" on the government-wide statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Assets, Liabilities and Fund Equity

Cash, cash equivalents, and investments - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Georgia law (O.C.G.A. 36-83-4(a)) authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables - All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at June 30, 2011.

Interfund balances - On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "due from/due to other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Note 2 - Summary of Significant Accounting Policies (continued)

Compensated absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

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

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

Bond premiums, discounts and issuance costs - On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

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

Fund balance – Beginning with the year ended June 30, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

Inventory - Inventories consist of recreation concessions and vehicle fleet parts. Inventories are valued at cost, using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid items - Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

Capital assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of ten thousand dollars. The County's infrastructure consists of roads, bridges, water lines and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities	Business-type Activities
Buildings	25 years	25 years
Land and building improvements	7 - 25 years	7 - 25 years
Equipment	5 - 10 years	5 - 10 years
Transportation equipment	5 years	5 years
Furniture and fixtures	8 - 10 years	8 - 10 years
Computers and peripherals	5 years	5 years
Infrastructure - roads	10 - 15 years	--
Infrastructure - road beds	20 years	--
Infrastructure - bridges	25 years	--

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Note 2 - Summary of Significant Accounting Policies (continued)

Committed fund balance - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. the County Commission). To be reported as committed, amounts cannot be used for any other purposes unless the county takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the County intends to use for a specific purpose. Intent can be expressed by the County or by an official or body to which the County Commission delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the County's governmental funds have been restated to reflect the above classifications.

County Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by County Commission through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or other purposes). Additionally, assigned fund balance may reflect management's intended use of resources to be set forth in current or future annual budgets and any amendments thereto. The County Commission approved fund balance policy 11-32 on June 21, 2011

Net assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available unless there are legal documents or contracts that prohibit doing this. Additionally, the County would first use committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the "unrestricted" fund balance classifications could be used..

Operating revenues and expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the water and solid waste programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of capital - Contributions of capital in enterprise fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Note 2 - Summary of Significant Accounting Policies (continued)

Interfund activity - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Comparative data - Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 3 – Stewardship, Compliance and Accountability

Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund, each capital projects fund and the debt service fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The County Administrator may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the County Commissioners. During the year, the County Commission approved three budget revisions.

All unexpended annual appropriations lapse at year-end.

General fund payments in the amount of $622,783 are reported as "payments to other agencies" on the budgetary basis but are classified within functions on the GAAP basis. On the budgetary basis, debt service expenditures (i.e., $71,805) are budgeted within the functions but are reported as separate character classifications on the GAAP basis.

Note 4 - Deposits and Investments

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a financial institution failure, the government's deposits and investments may not be returned to it.

Deposits - The government does not have a deposit policy for custodial credit risk, however, as of June 30, 2011, the government is not exposed to custodial credit risk.

Investments – At June 30, 2011, the County invested $18,133,646 (recorded at fair value) with the State of Georgia Local Government Investment Pool (Georgia Fund 1). The fair value of the County's position in the state investment pool is the same as the value of the pool share. The oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services. This pool is managed under the policies included in Georgia law (O.C.G.A. 36-83-4). The entire portfolio, including the County's pro-rata portion, consists of collateralized certificates of deposit and County or County agency securities owned outright and under agreement to resale. The title to all investments, including collateral pledged to secure certificates of deposit, is held in the custody of the Director, Fiscal Division, Department of Administrative Services, State of Georgia, in accordance with Georgia law. Georgia Fund 1 is rated AAA for credit risk. The Georgia Fund 1 does not have a custodial credit risk.

At December 31, 2010, the Pension Trust Fund held investments in publically traded mutual funds totaling $4,411,438. Investments are valued based on quoted market rates.

Note 5 - Receivables

Receivables at June 30, 2011, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Note 6 - Property Taxes

The Board of Commissioners levy property taxes on or about July 15th of each year. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are usually billed on or about September 15th of each year and are payable within sixty days. The county bills and collects its own property taxes and also collects property taxes for the County Board of Education, the County Hospital Authority, the County Industrial Development Authority, and the City of Guyton. Collection of the County's taxes and for the other governmental agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an Agency fund. County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For 2011 property taxes were levied on June 25, 2010 and were due December 13, 2010.

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Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 7/1/2010	Additions	Deductions	Reclassification	Balance 6/30/2011
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 3,997,180	$ 507,086		$ 12,670	$ 4,516,936
Construction in progress	11,208,995	1,729,007		(9,969,396)	2,968,606
Total capital assets non-depreciable	15,206,175	2,236,093	$ 0	(9,956,726)	7,485,542
Other capital assets:					
Buildings	25,741,093	32,945		3,535,937	29,309,975
Land and building improvements	6,061,499	8,353		6,305	6,076,157
Other equipment	15,504,890	1,787,686	274,393		17,018,183
Transportation equipment	5,500,775	355,126	47,959		5,807,942
Furniture and fixtures	1,021,266	232,763			1,254,029
Computers and peripherals	672,029	49,625			721,654
Infrastructure	89,935,210	570,135		6,414,484	96,919,829
Total other capital assets	144,436,762	3,036,633	322,352	9,956,726	157,107,769
Total capital assets	159,642,937	5,272,726	322,352	0	164,593,311
Accumulated depreciation:					
Buildings	8,158,524	1,107,526			9,266,050
Land and building improvements	2,157,492	347,579			2,505,071
Other equipment	10,545,757	1,583,140	274,393		11,854,504
Transportation equipment	4,139,029	564,912	47,959		4,655,982
Furniture and fixtures	459,307	153,385			612,692
Computers and peripherals	448,776	98,002			546,778
Infrastructure	65,459,952	3,091,994			68,551,946
Total accumulated depreciation	91,368,837	6,946,538	322,352	0	97,993,023
Governmental activities capital assets, net	$ 68,274,100	$ (1,673,812)	$ 0	$ 0	$ 66,600,288

Governmental activities depreciation expense	
General government	$ 1,167,892
Public safety	2,160,504
Public works	3,394,831
Culture and recreation	196,358
Housing and development	26,953
Total governmental activities depreciation expense	$ 6,946,538

Note 7 - Capital Assets (continued)

	Balance 7/1/2010	Additions	Deductions	Reclassification	Balance 6/30/2011
Business-type activities:					
Capital assets not being depreciated:					
Land and land rights	$ 1,366,918	$ 20,000			$ 1,386,918
Construction in progress	1,485,785				1,485,785
Total capital assets not being depreciated	2,852,703	20,000	$ 0	$ 0	2,872,703
Other capital assets:					
Water wells	81,991				81,991
Water system and lines	9,199,455	48,157			9,247,612
Sewer system and lines	12,699,619				12,699,619
Waste water treatment plant	16,595,226				16,595,226
Waste water equipment	2,437,210				2,437,210
Transportation equipment	78,762	18,622			97,384
Computer equipment and software	13,707				13,707
Total other capital assets	41,105,970	66,779	0	0	41,172,749
Total capital assets	43,958,673	86,779	0	0	44,045,452
Less accumulated depreciation:					
Water wells	77,500	8,199			85,699
Water system and lines	748,025	185,075			933,100
Sewer system and lines	834,211	317,490			1,151,701
Waste water treatment plant	1,640,256	413,276			2,053,532
Waste water equipment	727,683	210,012			937,695
Transportation equipment	24,664	19,476			44,140
Computer equipment and software	13,707				13,707
Total accumulated depreciation	4,066,046	1,153,528	0	0	5,219,574
Business-type activity capital assets, net	$ 39,892,627	$ (1,066,749)	$ 0	$ 0	$ 38,825,878

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
Component unit:				
Machinery and equipment	$ 264,309	$ 2,009	$ 231,689	$ 34,629
Less accumulated depreciation	245,982	8,338	231,689	22,631
Component unit capital assets, net	$ 18,327	$ (6,329)	$ 0	$ 11,998

Note 8 - Interfund Balances and Transfers

Interfund balances at June 30, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The service delivery agreement requires interfund balances from the general fund to the water and sewer funds to be repaid within six months of the fiscal year end. The County expects to repay all other interfund balances within one year.

	Payable to:				
Payable from:	General Fund	Non-major Governmental Funds	Water Fund	Sewer Fund	Total
Non-major Governmental Funds	$ 162,729	$ 65,157			$ 227,886
Water Fund	49,649				49,649
Sewer Fund			$ 100,000		100,000
Sanitation Fund	287				287
Total	$ 212,665	$ 65,157	$ 100,000	$ 0	$ 377,822

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. The general fund transferred $210,000 to the Emergency 911 fund to subsidize qualified operating expenses incurred by the emergency 911 fund. The general fund transferred $5,000,000 to the Special Tax District Fund to establish the fund under an intergovernmental service delivery agreement with the municipalities of Effingham County. The general fund transferred $5,600,421 to the Water and Sewer Operating fund and $5,931,320 to the Sewer fund to cover accumulated operating losses and debt service expenditures of these funds. These funds were previously recorded as interfund balances (loans) to these funds, however, in the current year the County determined that even though there was an intent to repay, these funds did not have the ability to repay these loans either currently or in the foreseeable future.

The SPLOT fund transferred $2,450,000 to the Water and Sewer funds for the repayment of debt. This debt was incurred for the acquisition and construction of capital assets which qualify as projects under the current SPLOST referendum.

The Water and Sewer Operating fund transferred $24,815 to the Water Impact Fee fund and $137,228 to the Sewer Impact Fee fund to segregate these fees from the Water and Sewer Operating fund. The Water Impact Fee fund transferred $18,141 to the Water and Sewer Operating fund and the Sewer Impact Fee fund transferred $115,921 to the Water and Sewer Operating fund. These transfers were to made to cover qualified expenditures paid by the Water and Sewer Operating.

The Sanitation fund transferred $1,515,688 to the general fund to provide funding for the estimated liability of landfill closure and postclosure costs.

Note 9 - Long Term Liabilities

Governmental Activities

Capital Leases - The County has entered into capital leases for various pieces of property and equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level.

Capital lease payable to Branch Banking and Trust Company in equal monthly payments of approximately $8,976 through February, 2011 including interest at 2.71%. This lease was used to purchase 3 ambulances for the emergency medical services department with a total cost of $321,390. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of $101,772 (cost of $321,390 less accumulated depreciation of $219,618). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. This lease was paid off in the current fiscal year.

Capital lease payable to Emergency One in equal annual payments of approximately $63,787 through December, 2011 including interest at 3.86%. This lease was used to purchase two (2) pumper trucks for the fire departments with a cost of $544,030. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of $-0- (cost of $544,030 less accumulated depreciation of $544,030). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. This lease was paid off in the current fiscal year.

Capital lease payable to CitiCapital in equal annual payments of approximately $40,156 through July, 2011 including interest at 4.495%. This lease was used to purchase ballpark lighting for the recreation department with a cost of $408,680. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of $347,378 (cost of $408,680 less accumulated depreciation of $61,302). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. This lease was paid off in the current fiscal year.

Capital lease payable to Branch Banking and Trust Company in equal monthly payments of approximately $9,252 through September, 2013 including interest at 3.31%. This lease was used to purchase equipment for the public works department with a total cost of $510,967. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of $305,134 (cost of $510,967 less accumulated depreciation of $205,833). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 104,644	$ 6,380	$ 111,024
2013	108,161	2,863	111,024
2014	27,603	153	27,756
Total	$ 240,408	$ 9,396	$ 249,804

Note 9 - Long Term Liabilities (continued)

Capital lease payable to Motorola, Inc. in equal annual payments of approximately $142,791 through October, 2018 including interest at 3.59%. This lease was used to purchase E-911 equipment with a total cost of $1,224,471. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of $693,867 (cost of $1,224,471 less accumulated depreciation of $530,604). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 107,686	$ 35,105	$ 142,791
2013	111,552	31,239	142,791
2014	115,557	27,234	142,791
2015	119,705	23,086	142,791
2016	124,002	18,789	142,791
2017-2019	399,322	29,011	428,333
Total	$ 977,824	$ 164,464	$ 1,142,288

Business-type Activities

Notes Payable to Georgia Environmental Facilities Authority - During the current year the County issued notes to the Georgia Environmental Facilities Authority for the construction of a water distribution system and a waste water collection system and treatment facility.

Contract 2003-L35WS was issued in the amount of $3,000,000 for the construction of a water distribution system. The total principal amount drawn including capitalized accrued interest was $3,030,042. The interest rate on the note is 3.73%. Repayment of the note is in equal monthly installments of $18,141 beginning January 1, 2005 and ending on February 1, 2025. Annual debt service requirements to amortize this note as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 133,138	$ 84,557	$ 217,695
2013	138,190	79,505	217,695
2014	143,433	74,262	217,695
2015	148,876	68,819	217,695
2016	154,525	63,170	217,695
2017-2021	865,152	223,323	1,088,475
2022-2025	744,245	53,155	797,400
Total	$ 2,327,559	$ 646,791	$ 2,974,350

Note 9 - Long Term Liabilities (continued)

Contract CWSRF 03-003 was issued in the amount of $16,000,000 for the construction of a waste water collection/ distribution system and a waste water treatment facility. The total principal amount drawn including capitalized accrued interest was $17,418,086. The interest rate on the note is 3.00%. Repayment of the note is in equal monthly installments of $96,600 through April, 2028. Annual debt service requirements to amortize this note as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 709,241	$ 449,962	$ 1,159,203
2013	732,001	427,202	1,159,203
2014	753,560	405,643	1,159,203
2015	776,479	382,724	1,159,203
2016	799,522	359,681	1,159,203
2017-2021	4,381,162	1,414,855	5,796,017
2022-2026	5,088,604	707,413	5,796,017
2027-2028	2,064,741	59,938	2,124,679
Total	$ 15,305,310	$ 4,207,418	$ 19,512,728

Contract CWSRF 04-007 was issued in the amount of $15,800,000 for the expansion of the sewer collection system and the expansion of the reclaimed water distribution system. Draws are made on the note as the funds are expended. During the year ended June 30, 2009, the lender cancelled the remainder of the loan commitment and began amortizing the loan. The total amount of the including capitalized accrued interest was $10,450,900. Payments are due in equal monthly installments of $57,960, including interest at 3.00% through February 1, 2029. During the year ended June 30, 2011, the County repaid additional principal in the amount of $2,500,000. Additionally, the lender agreed to change the equal monthly payment to $42,688. The final payment date did not change. Annual debt service requirements to amortize this note as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 308,102	$ 219,425	$ 527,527
2013	315,300	196,955	512,255
2014	324,564	187,691	512,255
2015	334,436	177,819	512,255
2016	344,340	167,915	512,255
2017-2021	1,887,024	674,253	2,561,277
2022-2026	2,191,703	369,574	2,561,277
2027-2029	1,321,852	55,730	1,377,582
Total	$ 7,027,321	$ 2,049,362	$ 9,076,683

Contract CWSRF 04-007(A) - During the year ended June 30, 2010, the lender advanced an additional $535,572 on contract CWSRF 04-007 to construct a waste water re-use tank. This portion of the loan has not began amortization. The project was added by the County Commissioners to the SPLOST projects list and the GEFA advances and related accrued interest were refunded to GEFA in the year ended June 30, 2011.

Note 9 - Long Term Liabilities (continued)

Contract 2005-L01-WS was issued in the amount of $6,550,000 for the construction water mains for multiple developments in the county. Draws are made on the note as the funds are expended. During the year ended June 30, 2009, the lender cancelled the remainder of the loan commitment and began amortizing the loan. The total amount of the loan including capitalized accrued interest was $4,712,609. Payments are due in equal monthly installments of $29,057, including interest at 4.20% through February 1, 2029. Annual debt service requirements to amortize this note as of June 30, 2011 follow:

Year	Principal	Interest	Total
2012	$ 169,502	$ 179,177	$ 348,679
2013	176,759	171,920	348,679
2014	184,328	164,351	348,679
2015	192,221	156,458	348,679
2016	200,451	148,228	348,679
2017-2021	1,138,588	604,806	1,743,394
2022-2026	1,404,137	339,257	1,743,394
2027-2029	877,237	51,518	928,755
Total	$ 4,343,223	$ 1,815,715	$ 6,158,938

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2011:

	Outstanding 7/1/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
Governmental Activities					
Capital leases	$ 1,659,941		$ 441,709	$ 1,218,232	$ 212,330
Landfill closure and post-closure care	1,513,688	$ 30,273		1,543,961	
Compensated absences	760,349	525,339	456,209	829,479	497,687
Total Governmental Activities	$ 3,933,978	$ 555,612	$ 897,918	$ 3,591,672	$ 710,017
Business-type activities					
Notes payable	$ 33,421,092	$	$ 4,417,679	$ 29,003,413	$ 1,319,983
Component Unit:					
Compensated absences	$ 32,262	$ 7,025	$	$ 39,287	$ 7,857

The landfill closure and post-closure care liability of the County's governmental funds will be financed through future general fund expendable available financial sources as they become due. The capital lease to Branch Banking &Trust Company will be repaid by the County's SPLOST capital projects fund. The capital lease to Motorola, Inc. will be repaid with W-E911 fund expendable available financial resources.

The notes payable of the County's business type activities will be repaid from user fees from the related activities.

The total interest incurred for the year ended June 30, 2011 was $1,145,026, all of which was charged to expense.

Note 9 - Long Term Liabilities (continued)

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. Generally, the compensated absences liability has been liquidated by the general fund in the prior year. The capital lease obligations will be paid from the debt service fund.

Note 10 - Landfill Closure and Post-closure Care Costs

The landfill has been closed for several years and no longer accepts solid waste, however has not received certification from the Environmental Protection Division. An expense provision and related liability are being recognized based on the estimated future closure and post-closure care costs that are expected to be incurred. The estimated total current cost of the landfill closure and post-closure care of $1,543,961 is based on present value of the amount that would be paid if all equipment, facilities, and services necessary to close the landfill and monitor the landfill were acquired as of June 30, 2011. However, the actual cost may vary due to inflation or deflation, changes in technology or changes in landfill laws and regulations.

Under the agreement with federal and state authorities, the County, in order to assure that adequate resources are available to finance the landfill closure and post-closure costs, designates a portion of fund balance annually in an amount equal to the provision for the landfill closure and post-closure care costs. However, unanticipated future inflation costs and additional costs that might arise from changes in the closure and post-closure requirements due to changes in technology and regulatory standards may have to be covered by increased landfill user fees, additional taxes or both.

Note 11 - Pensions

Defined Benefit Plan

Plan Description - The Effingham County Board of Commissioners Defined Benefit Plan, (the Plan) is a single employer defined benefit pension plan administered by the Board of Commissioners through Merrill Lynch, and covers all full-time employees. The Plan provides retirement, disability and death benefits for plan members and beneficiaries. Local ordinance provides for the authority to establish and amend benefit provisions. The accounting and financial reporting functions are handled by the County finance department. The Plan's activity is reported within he County's basic financial statements as a Pension Trust Fund. The Plan does not issue a separate report.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Plan's Statement of Net Assets. Securities without an established market value are reported at estimated fair value.

Note 11 - Pensions (continued)

Participant data - At January 1, 2011, the date of the most recent actuarial valuation, there were 506 participants as follows:

Active participants	358
Retirees and beneficiaries	29
Vested terminated	164
	551

Funding Policy - The Plan members are required to contribute 3% of compensation to the Plan. The County is required to contribute at an actuarially determined amount to the Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by the Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia Statutes

Annual Pension Cost - The required contribution was determined as part of the January 1, 2011 actuarial valuation for the Plan using the Projected Unit Credit funding method. Under this approach, accrued liability is based on the actuarial value of accrued benefits, taking into account the projected impact of increasing salaries through anticipated retirement, termination, death, or disability from active services. Normal cost is based on the value of benefits expected to be accrued during the valuation year, again reflecting the projected impact of future salary increases. The actuarial assumptions included (a) 8.0% per year investment rate of return (net of investment expenses) and (b) projected salary increases for inflation of 5.0% per year and increases for merit or seniority of 0.5% per year. The actuarial value of net assets is based on fair market value as of the valuation date including accrued contributions and net receivables from the prior plan year, if any. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 15 years and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These periods, if applicable, are closed for this plan year.

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded (Overfunded) AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
12/31/08	$ 2,770,635	$ 2,881,596	96.15%	$ 110,961	$ 8,872,503	1.25%
01/01/10	3,254,312	3,548,530	91.71%	294,218	11,398,499	2.58%
01/01/11	4,604,467	4,274,887	107.71%	(329,580)	13,829,948	-2.38%

Schedule of Employer Contributions

Year Beginning	Annual Required Contribution	Annual Pension Cost	Percentage Contributed	Net Pension (Asset)/ Obligation
01/01/08	$ 96,088	$ 527,846	549.34%	$ (581,680)
01/01/09	223,218	592,954	265.64%	(1,013,438)
01/01/10	196,406	614,596	312.92%	(1,383,174)

Note 11 - Pensions (continued)

	1/1/2011
Derivation of annual pension cost	
Annual required contribution	$ 29,006
Interest discount on net pension asset	(144,109)
Adjustment to annual required contribution*	268,457
Annual pension cost	$ 153,354

*Based on a 10- year amortization, consistent with development of the annual required contribution, plus interest.

Derivation of net pension obligation	
Net pension asset measured January 1, 2010	$ 1,383,174
Annual pension income (cost)	(196,406)
Contributions	614,596
Net pension asset measured January 1, 2011	$ 1,801,364

Defined Contribution Plans

The County has adopted a proto-type 401(a) Defined Contribution Plan for Employees of Effingham County (the 401a Plan) and a proto-type 457 Deferred Compensation Plan for Effingham County (the 457 Plan) administered by the Board of Commissioners through Merrill Lynch. The County has the authority to establish the Plans or amend the adoption agreement which defines the specific provisions of the plan as provided in the proto-type document. The Plan covers substantially all employees who meet the minimum years of service requirements. The County contributes 3% of compensation to the plans and matches one-half of the employee's contribution up to an additional 3% of compensation. The total costs for the 401(a) Plan and the 457 Plan for the year ended June 30, 2011 was $459,351. Total employee contributions to the plans for the year ended June 30, 2011 was $338,071.

Note 12 - Investment in Capital Assets, Net of Related Debt

Net assets on the Government-wide statement of net assets as of June 30, 2011 are as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	$ 164,593,311	$ 44,045,452
Less accumulated depreciation	97,993,023	5,219,574
Book value	66,600,288	38,825,878
Less capital related debt:		
Notes payable and capital leases	1,218,232	29,003,413
Total capital related debt	1,218,232	29,003,413
Investment in capital assets, net of related debt	$ 65,382,056	$ 9,822,465

Note 13 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions; and workers compensation for which the County carries the following insurance coverage.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The County joined with other counties in the state as part of the Association County Commissioners of Georgia - Interlocal Risk Management Agency (IRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the County's management based on the anticipated needs. The County is required to pay all premiums, applicable deductibles and assessments billed by IRMA, as well as following loss reduction and prevention procedures established by IRMA. IRMA's responsibility includes paying claims, and representing the County in defense and settlement of claims. IRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The County has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims which the County is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2011. No provisions have been made in the financial statements for the year ended June 30, 2011 for any estimate of potential unpaid claims.

The County has elected to be a member of the ACCG Group Self Insurance Workers' Compensation Fund (the Fund). As a participant in the Fund, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Note 14 - Contingent Liabilities

Hospital Authority – The County entered into a contract with the Hospital Authority of Effingham County dated October 19, 2010, whereby the Hospital Authority will provide indigent care to Effingham County citizens. In return, the County will provide the Hospital Authority $3,600,000 per year or approximately $300,000 per month. This payment will be financed by the County by a levy of annual tax on all taxable property located within the boundaries of the County at such rates to provide the funding, not to exceed to two mills. In the event this millage rate does not generate adequate funding, the County must fund the deficit from other sources.

State and Federal Grants - 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 14 - Contingent Liabilities (continued)

Litigation - The County was a defendant in several lawsuits at June 30, 2011. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

Note 15 - Joint Ventures

Under Georgia law, the County in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Georgia Rural Development Center (RDC) and is required to pay annual dues thereto. Membership in an RDC is required by OCGA Section 5-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC board membership includes the chief elected official of each county or municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Coastal Georgia Regional Development Center, P. O. Box 2917, Brunswick, Georgia 31521.

Required Supplementary Information

Effingham County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 22,447,362	$ 23,223,899	$ 23,327,342	$ 103,443
Licenses and permits	213,648	213,648	157,658	(55,990)
Intergovernmental	2,131,502	2,245,266	2,375,102	129,836
Charges for services	2,346,703	2,358,715	2,536,857	178,142
Fines and forfeitures	849,317	1,136,229	1,233,888	97,659
Investment earnings	50,000	50,000	19,694	(30,306)
Miscellaneous	99,000	99,000	182,385	83,385
Total revenues	28,137,532	29,326,757	29,832,926	506,169
Expenditures				
Current expenditures				
General government				
Commissioners' office	309,265	351,246	346,246	5,000
Registrar	301,793	302,943	300,382	2,561
Financial administration	1,154,473	1,476,971	1,459,620	17,351
Information Technology	592,167	562,167	554,041	8,126
Tax commissioner	786,622	793,747	734,986	58,761
Tax assessor	804,087	823,727	747,848	75,879
Government buildings	750,604	832,104	819,056	13,048
	4,699,011	5,142,905	4,962,179	180,726
Judicial				
Superior court clerk's office	598,185	598,185	558,384	39,801
Superior court	431,386	431,386	385,113	46,273
District attorney's office	307,917	307,917	307,888	29
State court	267,874	271,123	270,657	466
Solicitor	225,389	239,389	239,224	165
Chief magistrate	334,372	336,286	336,232	54
Probate court	251,064	261,752	261,284	468
Board of equalization	31,790	31,790	18,391	13,399
Total judicial	2,447,977	2,477,828	2,377,173	100,655
Public safety				
Civil defense/emergency management	172,773	203,337	196,204	7,133
Office of sheriff				
Sheriff	5,480,991	5,962,463	5,912,404	50,059
Task force		347,872	346,527	1,345
Jail	2,149,315	2,359,795	2,343,117	16,678
Correctional institute	3,494,627	3,495,547	3,416,863	78,684
Inmate medical	350,000	432,878	431,451	1,427
Adult probation and parole	238,203	240,215	234,372	5,843
Emergency medical services	2,411,418	2,411,418	2,392,594	18,824
Coroner	50,868	53,325	43,053	10,272
Animal control	152,732	189,391	186,593	2,798
Total public safety	14,500,927	15,696,241	15,503,178	193,063

Note 1 - Budgetary Information

The County adopts an annual operating budget for the general fund.

All budget is adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for the adopted annual operating budget generally is the department level.

The County Administrator may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the County Commissioners. During the year, the County Commission approved three budget revisions.

All unexpended annual appropriations lapse at year-end.

General fund payments in the amount of $622,783 are reported as "payments to other agencies" on the budgetary basis but are classified within functions on the GAAP basis. On the budgetary basis, debt service expenditures (i.e., $71,805) are budgeted within the functions but are reported as separate character classifications on the GAAP basis.

Effingham County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public works - highways and streets	2,882,999	2,342,999	2,277,893	65,106
Health and welfare				
Department of Family and Children Services	77,708	77,708	70,813	6,895
Summer food program	21,146	21,146	12,770	8,376
Family connection grant	90,315	107,933	93,666	14,267
Senior citizens	409,072	409,072	386,247	22,825
Total health and welfare	598,241	615,859	563,496	52,363
Culture and recreation	1,218,580	1,268,567	1,261,817	6,750
Housing and development				
Extension Service - County Agent	115,493	152,240	150,389	1,851
Conservation - Forestry	20,876	28,292	26,331	1,961
Building inspections	324,317	349,357	345,560	3,797
Zoning	385,002	368,253	347,688	20,565
GIS	372,318	310,706	297,840	12,866
Total housing and development	1,218,006	1,208,848	1,167,808	41,040
Other agencies	660,755	662,474	622,783	39,691
Total expenditures	28,226,496	29,415,721	28,736,327	679,394
Excess of revenues over expenditures	(88,964)	(88,964)	1,096,599	1,185,563
Other financing sources (uses)				
Proceeds from sales of surplus			19,882	19,882
Interfund transfer to E-911 fund		(210,000)	(210,000)	0
Interfund transfer to special tax district fund		(5,000,000)	(5,000,000)	0
Interfund transfer to water and sewer funds		(11,531,741)	(11,531,741)	0
Interfund transfer from sanitation fund		1,515,688	1,515,688	0
Total other financing sources (uses)	0	(15,226,053)	(15,206,171)	19,882
Net change in fund balance	$ (88,964)	$ (15,315,017)	(14,109,572)	$ 1,205,445
Fund balance				
Beginning of year			25,164,057	
End of year			$ 11,054,485	

Other Supplementary Information

Effingham County, Georgia
Combining Balance Sheet - By Fund Type
Non-major Governmental Funds
June 30, 2011

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	$ 3,225,918	$ 160	$ 3,226,078
Receivables:			
Accounts	150,319		150,319
Interfund	65,157		65,157
Prepaid items	4,933		4,933
Total Assets	$ 3,446,327	$ 160	$ 3,446,487
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 241,039		$ 241,039
Accrued expenditures	76,776		76,776
Interfund payable	227,886		227,886
Total liabilities	545,701	$ 0	545,701
Fund balances			
Nonspendable - prepaid items	4,933		4,933
Restricted for:			0
Public safety	1,387,915		1,387,915
Public works and recreation	1,398,694		1,398,694
Debt service		160	160
Commited for			0
Subsequent year expenditures	113,134		113,134
Unassigned	(4,050)		(4,050)
Total fund balances	2,900,626	160	2,900,786
Total liabilities and fund balances	$ 3,446,327	$ 160	$ 3,446,487

Effingham County, Georgia

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - By Fund Type

Non-major Governmental Funds

For the Year Ended June 30, 2011

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Non-major Governmental Funds
Revenues			
Insurance premium tax	$ 1,450,022		$ 1,450,022
Intergovernmental	1,268,402		$ 1,268,402
Charges for services	1,437,059		1,437,059
Fines and forfeitures	58,258		58,258
Investment earnings	4,069		4,069
Total revenues	4,217,810	$ 0	4,217,810
Expenditures			
Current			
Public safety	4,145,187		4,145,187
Road projects	227,511		227,511
Debt service			
Principal retirement	224,504		224,504
Interest and fiscal charges	43,491		43,491
Total expenditures	4,640,693	0	4,640,693
Excess (deficit) of revenues over expenditures	(422,883)	0	(422,883)
Other financing sources			
Interfund transfers	210,000		210,000
Net change in fund balances	(212,883)	0	(212,883)
Fund balances			
Beginning of year	3,113,509	160	3,113,669
End of year	$ 2,900,626	$ 160	$ 2,900,786

Effingham County, Georgia
General Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 10,357,562	$ 15,434,755
Restricted cash	172,024	164,614
Receivables:		
Accounts	876,480	409,074
Property taxes	2,034,793	1,725,085
Sales taxes	425,452	533,829
Interfund	212,665	9,711,574
Inventories	2,463	20,861
Prepaid items	536,076	555,921
Total assets	$ 14,617,515	$ 28,555,713
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 766,902	$ 1,107,180
Accrued expenditures	838,152	674,769
Performance bonds	102,990	66,085
Deferred revenue	1,854,986	1,543,622
Total Liabilities	3,563,030	3,391,656
Fund balances		
Nonspendable		
Inventories	2,463	20,861
Prepaid items	536,076	555,921
Restricted for:		
Performance bonds	69,034	98,529
Landfill closure and post-closure	1,543,961	1,513,688
Service delivert to incorporated areas:		
City of Rincon	2,344,201	
City of Springfield	530,668	
City of Guyton	414,947	
Commited for		
Economic stabilization and working capital	4,200,000	4,200,000
Subsequent year expenditures	1,124,209	818,156
Unassigned	288,926	17,956,902
Total fund balances	11,054,485	25,164,057
Total liabilities and fund balances	$ 14,617,515	$ 28,555,713

Effingham County, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2011 and 2010

	2011	2010
Revenues		
Property taxes	$ 16,430,064	$ 15,751,261
Sales taxes	6,313,451	6,046,766
Other taxes	583,827	605,447
Licenses and permits	157,658	200,666
Intergovernmental	2,375,102	2,824,818
Charges for services	2,536,857	2,421,721
Fines and forfeitures	1,233,888	1,024,929
Investment earnings	19,694	36,327
Other revenues	182,385	106,011
Total revenues	29,832,926	29,017,946
Expenditures		
Current:		
General government:		
Commissioners' office	346,246	352,844
Registrar	300,382	234,205
Financial administration	1,459,620	1,392,442
Information Technology	554,041	647,438
Tax commissioner	734,986	697,270
Tax assessor	747,848	868,106
Government buildings	819,056	894,672
Total general government	4,962,179	5,086,977
Judicial		
Superior court clerk's office	558,384	509,081
Superior court	385,113	378,706
District attorney's office	307,888	307,975
State court	270,657	280,167
Solicitor	239,224	235,715
Chief magistrate	336,232	347,284
Probate court	261,284	254,355
Board of equalization	18,391	
Total judicial	2,377,173	2,313,283

Effingham County, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2011 and 2010

	2011	2010
Public safety		
Civil defense/emergency management	196,204	223,579
Office of sheriff		
Sheriff	5,912,404	5,848,726
Task force	346,527	
Jail	2,343,117	1,970,880
Correctional institute	3,416,863	3,220,233
Inmate medical	431,451	399,102
Adult probation and parole	234,372	206,013
Emergency medical services	2,320,789	2,273,550
Coroner	43,053	49,625
Animal control	186,593	228,429
Total public safety	15,431,373	14,420,137
Public works - highways and streets	2,277,893	2,582,485
Health and welfare		
Department of Family and Children Services	70,813	75,424
Summer food program	12,770	16,693
Family connection grant	93,666	100,327
Senior citizens	386,247	399,262
Other agencies	330,083	410,077
Total health and welfare	893,579	1,001,783
Culture and recreation		
Recreation	1,261,817	1,258,719
Other agencies	290,450	328,056
	1,552,267	1,586,775
Housing and development		
Extension Service - County Agent	150,389	132,720
Conservation - Forestry	26,331	13,541
Building inspections	345,560	417,675
Zoning	347,688	394,133
GIS	297,840	490,209
Other agencies	2,250	504,725
Total housing and development	1,170,058	1,953,003

Effingham County, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2011 and 2010

	2011	2010
Debt Service:		
Principal retirement	71,081	123,896
Interest and fiscal charges	724	4,609
Total debt service	71,805	128,505
Total expenditures	28,736,327	29,072,948
Excess of revenues over expenditures	1,096,599	(55,002)
Other financing sources (uses)		
Proceeds from sales of surplus	19,882	15,220
Interfund transfer to E-911 fund	(210,000)	
Interfund transfer to special tax district fund	(5,000,000)	
Interfund transfer to water and sewer funds	(11,531,741)	
Interfund transfer from sanitation fund	1,515,688	
Total other financing sources (uses)	(15,206,171)	15,220
Net change in fund balances	(14,109,572)	(39,782)
Fund balances beginning of year	25,164,057	25,203,839
Fund balances end of year	$ 11,054,485	$ 25,164,057

Effingham County, Georgia
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2011

	Education	Drug Abuse & Treatment Education	Impact Fees	Drug Seizure	State Condemnation	Emergency 911	Wireless Emergency 911	Juvenile Services	County Jail	Community Trust	Fire Taxing District	Total Nonmajor Special Revenue Funds
Assets												
Cash and cash equivalents	$ 39,506	$ 29,168	$ 1,434,704	$ 1,966	$ 41,370	$ 58,831	$ 1,211	$ 19,575	$ 401,119	$ 4	$ 1,198,464	$ 3,225,918
Receivables:												
Accounts						103,078	37,833		28		9,380	150,319
Interfund							65,157					65,157
Prepaid items						4,933						4,933
Total assets	$ 39,506	$ 29,168	1,434,704	$ 1,966	$ 41,370	$ 166,842	$ 104,201	19,575	$ 401,147	$ 4	$ 1,207,844	$ 3,446,327
Liabilities and fund balances												
Liabilities												
Accounts payable		$ 5,470	$ 36,010			$ 3,289					$ 196,270	$ 241,039
Accrued expenditures						26,769					50,007	76,776
Interfund payable						126,291	$ 100,000				1,595	227,886
Total liabilities	$ 0	5,470	36,010	$ 0	$ 0	156,349	100,000	$ 0	$ 0	$ 0	247,872	545,701
Fund balances												
Nonspendable:												
Prepaid items						4,933						4,933
Restricted for:												
Public safety	39,506	23,698		1,966	31,370		4,201	19,575	401,147	4	866,448	1,387,915
Public works, public safety and recreation			1,398,694									1,398,694
Committed for												
Subsequent year expenditures					10,000	9,610					93,524	113,134
Unassigned						(4,050)						(4,050)
Total fund balances	39,506	23,698	1,398,694	1,966	41,370	10,493	4,201	19,575	401,147	4	959,972	2,900,626
Total liabilities and fund balances	$ 39,506	$ 29,168	$ 1,434,704	$ 1,966	$ 41,370	$ 166,842	$ 104,201	$ 19,575	$ 401,147	$ 4	$ 1,207,844	$ 3,446,327

Effingham County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2011

	Education	Drug Abuse & Treatment Education	Impact Fees	Drug Seizure	State Condemnation	Emergency 911	Wireless Emergency 911	Juvenile Services	County Jail	Community Trust	Fire Taxing District	Total Nonmajor Special Revenue Funds
Revenues												
Insurance premium taxes											$ 1,450,022	$ 1,450,022
Intergovernmental		$ 22,136			$ 44,730						1,201,536	1,268,402
Charges for services			$ 121,661			$ 609,011	$ 130,569	$ 3,169			572,649	1,437,059
Fines and forfeitures									$ 58,258			58,258
Investment earnings	$ 44	37	1,660	$ 2	64	63	50	20	409		1,720	4,069
Total revenues	44	22,173	123,321	2	44,794	609,074	130,619	3,189	58,667	$ 0	3,225,927	4,217,810
Expenditures												
Current:												
Public safety		36,678			44,919	809,158					3,254,432	4,145,187
Road projects			227,511									227,511
Debt service												
Principal retirement							103,953				120,551	224,504
Interest and fiscal charges							38,838				4,653	43,491
Total expenditures	0	36,678	227,511	0	44,919	809,158	142,791	0	0	0	3,379,636	4,640,693
Excess (deficit) of revenues over expenditures	44	(14,505)	(104,190)	2	(125)	(200,084)	(12,172)	3,189	58,667	0	(153,709)	(422,883)
Other financing sources												
Interfund transfers						210,000						210,000
Net change in fund balances	44	(14,505)	(104,190)	2	(125)	9,916	(12,172)	3,189	58,667	0	(153,709)	(212,883)
Fund balances												
Beginning of year	39,462	38,203	1,502,884	1,964	41,495	577	16,373	16,386	342,480	4	1,113,681	3,113,509
End of year	$ 39,506	$ 23,698	$ 1,398,694	$ 1,966	$ 41,370	$ 10,493	$ 4,201	$ 19,575	$ 401,147	$ 4	$ 959,972	$ 2,900,626

Effingham County,Georgia
Education Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 39,506	$ 39,462
Fund Balances		
Restricted for public safety	$ 39,506	$ 39,462

Effingham County, Georgia
Education Fund
Comparative Statement of Revenues and
Changes in Fund Balances
For the Years Ended June 30, 2011 and 2010

	2011	2010
Revenues		
Investment income	$ 44	$ 45
Fund balances beginning of year	39,462	39,417
Fund balances end of year	$ 39,506	$ 39,462

Effingham County, Georgia
Drug Abuse & Treatment Education Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 29,168	$ 39,487
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 5,470	$ 1,284
Fund Balances		
Restricted for public safety	16,124	32,508
Committed for subsequent year expenditures	7,574	5,695
Total fund balances	23,698	38,203
Total Liabilities and Fund Balances	$ 29,168	$ 39,487

Effingham County, Georgia
Drug Abuse & Treatment Education Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Intergovernmental	$ 28,365	$ 28,365	$ 22,136	$ (6,229)	$ 20,974
Investment earnings			37	37	122
Total revenues	28,365	28,365	22,173	(6,192)	21,096
Expenditures					
Public safety	39,600	39,600	36,678	2,922	123,334
Deficit of revenues to expenditures	$ (11,235)	$ (11,235)	(14,505)	$ (3,270)	$ (102,238)
Fund balances beginning of year			38,203		140,441
Fund balances end of year			$ 23,698		$ 38,203

Effingham County, Georgia
Impact Fees Fund
Comparative Balance Sheet
June 30, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	$ 1,434,704	$ 1,558,688
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	$ 36,010	$ 55,804
Fund Balances		
Restricted for public works, public safety and recreation	$ 1,398,694	$ 1,502,884
Total Liabilities and Fund Balances	$ 1,434,704	$ 1,558,688

Effingham County, Georgia
Impact Fees Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For The Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 172,314	$ 172,314	$ 121,661	$ (50,653)	$ 166,373
Investment earnings			1,660	1,660	2,081
Total revenues	172,314	172,314	123,321	(48,993)	168,454
Expenditures					
General government - buildings					
Road projects		236,600	227,511	9,089	405,244
	0	236,600	227,511	9,089	405,244
Excess (deficit) of revenues over expenditures	$ 172,314	$ (64,286)	(104,190)	$ (39,904)	(236,790)
Fund balances beginning of year			1,502,884		1,739,674
Fund balances end of year			$ 1,398,694		$ 1,502,884

Effingham County, Georgia
Drug Seizure Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 1,966	$ 1,964
Liabilities and Fund Balance		
Fund Balance		
Restricted for public safety	$ 1,966	$ 1,964
Total liabilities and fund balance	$ 1,966	$ 1,964

Effingham County, Georgia
Drug Seizure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Intergovernmental	$ 12,000	$ 12,000		$ (12,000)	
Investment earnings			$ 2	2	$ 2
Total revenues	12,000	12,000	2	(11,998)	2
Expenditures					
Public safety	12,000	12,000		12,000	
Excess of revenues over expenditures	$ 0	$ 0	2	$ 2	2
Fund balances beginning of year			1,964		1,962
Fund balances end of year			$ 1,966		$ 1,964

Effingham County, Georgia
State Condemnation Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 41,370	$ 42,895
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$ 0	$ 1,400
Fund Balance		
Restricted for public safety	31,370	38,253
Committed for subsequent year expenditures	10,000	3,242
Total fund balances	41,370	41,495
Total Liabilities and Fund Balance	$ 41,370	$ 42,895

Effingham County, Georgia
State Condemnation Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Intergovernmental	$ 50,000	$ 50,000	$ 44,730	$ (5,270)	$ 10,293
Investment earnings			64	64	55
Total revenues	50,000	50,000	44,794	(5,206)	10,348
Expenditures					
Current:					
Public safety	50,000	50,000	44,919	5,081	16,692
Excess (deficit) of revenues over expenditures	$ 0	$ 0	(125)	$ (10,287)	(6,344)
Fund balance beginning of year			41,495		47,839
Fund balance end of year			$ 41,370		$ 41,495

Effingham County, Georgia
Emergency 911 Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 58,831	$ 13,445
Receivables:		
Accounts	103,078	73,080
Interfund		28,492
Prepaid items	4,933	1,717
Total assets	$ 166,842	$ 116,734
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 3,289	$ 7,207
Accrued expenditures	26,769	17,519
Interfund payables	126,291	91,431
Total liabilities	156,349	116,157
Fund Balances		
Unspendable - prepaid items	4,933	1,717
Committed for subsequent year expenditures	9,610	
Unassigned	(4,050)	(1,140)
Total fund balances	10,493	577
Total liabilities and fund balances	$ 166,842	$ 116,734

Effingham County, Georgia
Emergency 911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 446,886	$ 446,886	$ 609,011	$ 162,125	$ 527,893
Investment earnings			63	63	80
Total revenues	446,886	446,886	609,074	162,188	527,973
Expenditures					
Current					
Public safety	1,098,093	1,098,093	809,158	288,935	727,963
Excess (deficit) of revenues over expenditures	(651,207)	$ (651,207)	(200,084)	451,123	(199,990)
Other financing sources					
Transfers in		197,000	210,000	13,000	197,000
Total other financing sources	0	197,000	210,000	13,000	197,000
Net change in fund balances	$ (651,207)	$ (454,207)	9,916	$ 464,123	(2,990)
Fund balances beginning of year			577		3,567
Fund balances end of year			$ 10,493		$ 577

Effingham County, Georgia
Wireless Emergency 911 Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 1,211	$ 18,904
Receivables:		
Accounts	37,833	25,961
Interfund	65,157	
Total assets	$ 104,201	$ 44,865
Liabilities and Fund Balances		
Liabilities		
Interfund	$ 100,000	$ 28,492
Fund Balances		
Restricted for public safety	4,201	16,373
Total liabilities and fund balances	$ 104,201	$ 44,865

Effingham County, Georgia
Wireless Emergency 911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 62,271	$ 62,271	$ 130,569	$ 68,298	$ 108,273
Investment earnings			50	50	479
Total revenues	62,271	62,271	130,619	68,348	108,752
Expenditures					
Current					
Public safety	84,000	84,000			
Debt service					
Principal	104,000	104,000	103,953	47	100,351
Interest	39,000	39,000	38,838	162	42,440
Total expenditures	227,000	227,000	142,791	209	142,791
Excess (deficit) of revenues over expenditures	(164,729)	(164,729)	(12,172)	$ 68,557	$ (34,039)
Other financing uses					
Transfers out		(197,000)		197,000	(197,000)
Net change in fund balance	$ (164,729)	$ (361,729)	(12,172)	$ 265,557	(231,039)
Fund balance beginning of year			16,373		247,412
Fund balance end of year			$ 4,201		16,373

Effingham County, Georgia
Juvenile Services Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 19,575	$ 16,386
Fund Balances		
Restreicted for public safety	$ 19,575	$ 16,386

Effingham County, Georgia
Juvenile Services Fund
Comparative Schedule of Revenues and
Changes in Fund Balance
For the Years Ended June 30, 2011 and 2010

	2011	2010
Revenues		
Charges for services	$ 3,169	$ 4,149
Investment income	20	16
Total revenues	3,189	4,165
Fund balances beginning of year	16,386	12,221
Fund balances end of year	$ 19,575	$ 16,386

Effingham County,Georgia
County Jail Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 401,119	$ 342,480
Accounts receivable	28	
Total assets	$ 401,147	$ 342,480
Fund Balances		
Restricted for public safety capital projects and debt service	$ 401,147	$ 342,480
Total liabilities and fund balances	$ 401,147	$ 342,480

Effingham County, Georgia
County Jail Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011	2010
Revenues		
Fines and forfeitures	$ 58,258	$ 49,047
Investment earnings	409	352
Total revenues	58,667	49,399
Expenditures		
Current		
Public safety		39
Excess of revenues over expenditures	58,667	49,360
Fund balances beginning of year	342,480	293,120
Fund balances end of year	$ 401,147	$ 342,480

Effingham County, Georgia
Community Trust Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 4	$ 4
Liabilities and Fund Balance		
Fund Balance		
Restricted for capital projects	$ 4	$ 4
Total Liabilities and Fund Balance	$ 4	$ 4

Effingham County, Georgia
Fire Taxing District Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 1,198,464	$ 1,181,761
Accounts receivable	9,380	2,000
Prepaid items		6,964
Total assets	$ 1,207,844	$ 1,190,725
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 196,270	$ 42,153
Accrued expenditures	50,007	32,774
Interfund payable	1,595	2,117
Total liabilities	247,872	77,044
Fund Balances		
Unspendable - prepaid items		6,964
Restricted for public safety	866,448	1,076,210
Committed for subsequent year expenditures	93,524	30,507
Total fund balances	959,972	1,113,681
Total liabilities and fund balances	$ 1,207,844	$ 1,190,725

Effingham County, Georgia
Fire Taxing District Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(With Comparative Totals For the Year Ended June 30, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Insurance premium taxes	$ 1,490,915	$ 1,490,915	$ 1,450,022	$ (40,893)	$ 1,490,915
Intergovernmental		1,500,000	1,201,536	(298,464)	22,521
Charges for services	570,352	570,352	572,649	2,297	533,156
Investment earnings			1,720	1,720	2,693
Total revenues	2,061,267	3,561,267	3,225,927	(335,340)	2,049,285
Expenditures					
Current					
Public safety	2,007,950	3,507,950	3,254,432	253,518	2,003,138
Debt Service					
Principal retirement	119,000	119,000	120,551	(1,551)	999,613
Interest and fiscal charges	6,700	6,700	4,653	2,047	51,768
Total expenditures	2,133,650	3,633,650	3,379,636	254,014	3,054,519
Dedeficit of revenues to expenditures	$ (72,383)	$ (72,383)	(153,709)	$ (81,326)	(1,005,234)
Fund balances beginning of year			1,113,681		2,118,915
Fund balances end of year			$ 959,972		$ 1,113,681

Effingham County, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
June 30, 2011 and 2010

	2011	2010
Assets		
Cash	$ 10,950,973	$ 10,926,886
Receivables:		
Sales taxes	548,970	688,811
Accounts		163,378
Total assets	$ 11,499,943	$ 11,779,075
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 313,378	$ 276,281
Accrued expenses		247,388
Interfund payable		1,239,094
Total liabilities	313,378	1,762,763
Fund Balances		
Restricted for capital projects	11,186,565	10,016,312
Total fund balances	11,186,565	10,016,312
Total liabilities and fund balances	$ 11,499,943	$ 11,779,075

Effingham County, Georgia
SPLOST Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2011 and 2010

	2011	2010
Revenues		
Sales taxes	$ 8,146,373	$ 7,802,297
Intergovernmental revenue		647,815
Investment earnings	20,693	31,871
Total revenues	8,167,066	8,481,983
Expenditures		
Capital outlays		
General government	1,467,656	3,334,009
Public works		
Roads	1,064,773	5,050,303
Drainage	30,278	142,657
Recreation	282,444	438,949
Intergovernmental		
City of Rincon, Georgia	949,867	909,748
City of Springfield, Georgia	395,099	378,411
City of Guyton, Georgia	198,772	190,376
Debt service - recreation		
Principal retirement	146,124	140,901
Interest and fiscal charges	11,800	17,023
Total expenditures	4,546,813	10,602,377
Excess (deficit) of revenues over expenditures	3,620,253	(2,120,394)
Other financing sources (uses)		
Transfer to water fund	(2,450,000)	(2,700)
Transfer to sewer fund		(549,464)
Total other financing sources (uses)	(2,450,000)	(552,164)
Net change in fund balances	1,170,253	(2,672,558)
Fund balances beginning of year	10,016,312	12,688,870
Fund balances end of year	$ 11,186,565	$ 10,016,312

Effingham County, Georegia
Combining Schedule of Net Assets
Non-major Proprietary Funds
June 30, 2011

	Water Impact Fee	Sewer Impact Fee	Total Nonmajor Proprietary Funds
Assets			
Current assets			
Restricted cash	$ 44,736	$ 88,209	$ 132,945
Receivables - accounts	2,000	2,600	4,600
Total current assets	46,736	90,809	137,545
Liabilities			
Current liabilities			
Accounts payable	6,894		6,894
Net assets			
Reserved for restricted assets, net of related liabilities			
Capital projects	$ 39,842	$ 90,809	$ 130,651

Effingham County, Georgia
Combining Schedule of Revenues,Expenses and Changes in Net Assets
Non-major Proprietary Funds
For the Year Ended June 30, 2011

	Water Impact Fee	Sewer Impact Fee	Total Nonmajor Proprietary Funds
Operating revenues	$ 0	$ 0	$ 0
Operating expenses	0	0	0
Operating income	0	0	0
Non-operating revenues (expenses)			
Impact fees	67,333	69,420	136,753
ERU charges	(34,194)		(34,194)
Investment earnings	29	82	111
	33,168	69,502	102,670
Income before transfers	33,168	69,502	102,670
Interfund transfers			
To segregate from water & sewer operating fund	24,815	137,228	162,043
Current year transfers	(18,141)	(115,921)	(134,062)
Total interfund transfers	6,674	21,307	27,981
Net change in fund balances	39,842	90,809	130,651
Fund balances (deficit)			
Beginning of year	0	0	0
End of year	$ 39,842	$ 90,809	$ 130,651

Effingham County, Georgia
Combining Schedule of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Water Impact Fee	Sewer Impact Fee	Total Nonmajor Proprietary Funds
Increase (decrease) in cash and cash equivalents			
Cash flows from operating activities			
Net cash used for operating activities	$ 0	$ 0	$ 0
Cash flows from noncapital financing activities	0	0	0
Cash flows from capital and related financing activities			
Impact fees	65,333	66,820	132,153
ERU charges	(27,300)	0	(27,300)
Interfund transfers	6,674	21,307	27,981
Net cash used for capital and related financing activities	44,707	88,127	132,834
Cash flows from investing activities			
Interest on investments	29	82	111
Net increase (decrease) in cash and cash equivalents	44,736	88,209	132,945
Cash and cash equivalents			
Beginning of year	0	0	0
End of year	$ 44,736	$ 88,209	$ 132,945

Effinham County, Georgia
Water and Sewer Operating Fund
Comparative Schedule of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 3,409,777	$ 142,432
Restricted cash		3,671,034
Receivables		
Accounts	244,500	242,459
Interfund	100,000	3,189,826
Prepaid items	54	1,412
Total current assets	3,754,331	7,247,163
Noncurrent assets		
Deferred charges - loan costs	250,337	264,507
Capital assets		
Land	100,358	80,358
Construction in progress	1,485,785	1,485,785
Systems and equipment (net of depreciation)	19,858,723	20,321,329
	21,695,203	22,151,979
Total assets	25,449,534	29,399,142
Liabilities		
Current Liabilities:		
Accounts payable		
From unrestricted assets	109,467	141,038
From restricted assets		4,500
Accrued expenses	9,734	5,028
Accrued interest payable	46,066	47,571
Customer deposits	59,798	52,330
Deferred revenue - aid in construction	4,185,199	4,190,698
Interfund payable	49,649	7,591,434
Notes payable	610,742	1,529,500
Total current liabilities	5,070,655	13,562,099
Long-term debt (net of current portion)	13,087,361	15,361,936
Total liabilities	18,158,016	28,924,035
Net Assets		
Invested in capital assets, net of related debt	7,746,763	4,996,036
Restricted for:		
Capital projects		162,043
Debt service		3,504,491
Unrestricted	(455,245)	(8,187,463)
Total net assets	$ 7,291,518	$ 475,107

Effingham County, Georgia
Water and Sewer Operating Fund
Comparative Schedule of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Charges for services	$ 1,156,138	$ 998,651
Miscellaneous	7,866	3,572
Total operating revenues	1,164,004	1,002,223
Operating expenses		
Salaries	95,163	92,958
Employee benefits	52,439	49,993
Professional fees & contract services	5,125	13,213
Repairs and maintenance	15,864	21,242
Insurance	4,163	2,438
Operating supplies	54,385	46,456
Utilities	29,632	21,003
ECP Water	661,458	556,070
Water flushing	150,925	90,676
Water testing	9,316	9,912
Water Tier I	185,824	134,046
Depreciation	510,763	510,684
Other	17,100	25,249
Total operating expenses	1,792,157	1,573,940
Operating income (loss)	(628,153)	(571,717)
Non-operating revenues (expenses)		
Impact fees		182,433
ERU charges		(27,900)
Capital contributions and cost recovery	10,885	8,937
Investment earnings	4,023	4,756
Interest expense	(592,784)	(611,509)
Total non-operating revenues (expenses)	(577,876)	(443,283)
Income (loss) before transfers	(1,206,029)	(1,015,000)
Interfund transfers		
Transfer to impact fee funds to establish funds	(162,043)	
Transfers in	8,184,483	2,700
Total interfund transfers	8,022,440	2,700
Changes in net assets	6,816,411	(1,012,300)
Net assets -		
Beginning of year	475,107	1,487,407
End of year	$ 7,291,518	$ 475,107

Effinham County, Georgia
Wastewater Treatment Plant Fund
Comparative Schedule of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 75,709	$ 106,753
Receivables		
Accounts	13,513	14,278
Interfund		549,464
Prepaid items		1,340
Total current assets	89,222	671,835
Noncurrent assets		
Deferred charges - loan costs	282,800	299,600
Capital assets		
Land	1,286,560	1,286,560
Systems and equipment (net of depreciation)	16,064,963	16,676,011
	17,634,323	18,262,171
Total assets	17,723,545	18,934,006
Liabilities		
Current Liabilities:		
Accounts payable	32,217	30,677
Accrued expenses	15,302	4,630
Accrued interest payable	37,638	43,355
Interfund payable	100,000	4,526,587
Notes payable	709,241	688,808
Total current liabilities	894,398	5,294,057
Long-term debt (net of current portion)	14,596,069	15,840,848
Total liabilities	15,490,467	21,134,905
Net Assets		
Invested in capital assets, net of related debt	2,046,213	1,432,915
Unrestricted	186,865	(3,633,814)
Total net assets	$ 2,233,078	$ (2,200,899)

Effingham County, Georgia
Wastewater Treatment Plant Fund
Schedule of Revenues,Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Charges for services	$ 20,525	$ 53,733
Miscellaneous	3,000	4,500
Total operating revenues	23,525	58,233
Operating expenses		
Salaries	105,911	93,840
Employee benefits	40,604	39,457
Professional fees & contract services	25,151	20,875
Repairs and maintenance	20,078	32,291
Insurance	11,161	8,129
Operating supplies	98,784	115,372
Utilities	68,975	68,198
Depreciation	629,670	595,640
Other	18,790	17,677
Total operating expenses	1,019,124	991,479
Operating income (loss)	(995,599)	(933,246)
Non-operating revenues (expenses)		
Grant revenue		100,000
Investment earnings	62	328
Interest expense	(501,806)	(508,056)
Total non-operating revenues (expenses)	(501,744)	(407,728)
Income (loss) before transfers	(1,497,343)	(1,340,974)
Transfers in	5,931,320	549,464
Changes in net assets	4,433,977	(791,510)
Net assets -		
Beginning of year	(2,200,899)	(1,409,389)
End of year	$ 2,233,078	$ (2,200,899)

Effinham County, Georgia
Sanitation Fund
Comparative Schedule of Net Assets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 1,617,521	$ 2,879,019
Restricted cash		
Receivables - accounts	910	248
Prepaid items		5,062
Total current assets	1,618,431	2,884,329
Noncurrent assets		
Capital assets		
Systems and equipment (net of depreciation)	29,489	42,584
	29,489	42,584
Total assets	1,647,920	2,926,913
Liabilities		
Current Liabilities:		
Accounts payable	384,938	273,596
Accrued expenses	31,914	8,905
Interfund payable	287	201
Total current liabilities	417,139	282,702
Net Assets		
Invested in capital assets, net of related debt	29,489	42,584
Unrestricted	1,201,292	2,601,627
Total net assets	$ 1,230,781	$ 2,644,211

Effingham County, Georgia
Sanitation Fund
Schedule of Revenues,Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Charges for services	$ 2,700,201	$ 2,562,947
Miscellaneous	9,088	10,557
Total operating revenues	2,709,289	2,573,504
Operating expenses		
Salaries	211,273	177,821
Employee benefits	78,641	80,333
Post-closure care	18,877	20,763
Solid waste collection	2,022,536	1,968,494
Solid waste collection - landfill	173,535	133,806
Recycling collection	8,523	38,096
Recycling equipment		17,495
Repairs and maintenance	18,065	14,485
Insurance	6,832	5,311
Operating supplies	26,332	23,331
Environmental programs	26,522	20,788
Utilities	5,792	4,285
Depreciation	13,095	13,095
Other	37,233	34,704
Total operating expenses	2,647,256	2,552,807
Operating income (loss)	62,033	20,697
Non-operating revenues:		
Investment earnings	40,225	31,348
Income (loss) before transfers	102,258	52,045
Interfund transfers	(1,515,688)	
Changes in net assets	(1,413,430)	52,045
Net assets -		
Beginning of year	2,644,211	2,592,166
End of year	$ 1,230,781	$ 2,644,211

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2011

Probate Court	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 6,061	$ 367,419	$ 213,548	$ 159,932
Liabilities				
Due to other funds	$ 0	$ 89,614	$ 89,614	$ 0
Due to others	6,061	277,805	123,934	159,932
Total Liabilities	$ 3,051	$ 367,419	$ 213,548	$ 159,932

Superior Court Clerk	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 61,680	$ 2,505,597	$ 2,433,964	$ 133,313
Liabilities				
Due to other funds	$ 0	$ 1,068,983	$ 1,068,983	$ 0
Due to others	61,680	1,436,614	1,364,981	133,313
Total Liabilities	$ 61,680	$ 2,505,597	$ 2,433,964	$ 133,313

Sheriff's Office	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 222,263	$ 259,680	$ 202,641	$ 279,302
Liabilities				
Due to other funds	$ 0	$ 104,233	$ 104,233	$ 0
Due to others	222,263	155,447	98,408	279,302
Total Liabilities	$ 222,263	$ 259,680	$ 202,641	$ 279,302

(continued on next page)

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2011

Chief Magistrate Office	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 34,218	$ 223,863	$ 240,917	$ 17,164
Liabilities				
Due to other funds	$ 0	$ 104,679	$ 104,679	$ 0
Due to others	34,218	119,184	136,238	17,164
Total Liabilities	$ 34,218	$ 223,863	$ 240,917	$ 17,164

Probation Office	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 44,877	$ 213,254	$ 214,977	$ 43,154
Liabilities				
Due to other funds	$ 0	$ 179,307	$ 179,307	$ 0
Due to others	44,877	33,947	35,670	43,154
Total Liabilities	$ 44,877	$ 213,254	$ 214,977	$ 43,154

Tax Commissioner	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 386,841	$ 57,001,747	$ 57,312,996	$ 75,592
Liabilities				
Due to other funds	$ 0	$ 19,984,256	$ 19,984,256	$ 0
Due to others	386,841	37,017,491	37,328,740	75,592
Total Liabilities	$ 386,841	$ 57,001,747	$ 57,312,996	$ 75,592

(continued on next page)

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2011

Total Agency Funds	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash	$ 755,940	$ 60,571,560	$ 60,619,043	$ 708,457
Liabilities				
Due to other funds	$ 0	$ 21,531,072	$ 21,531,072	$ 0
Due to other governments	755,940	39,040,488	39,087,971	708,457
Total Liabilities	$ 755,940	$ 60,571,560	$ 60,619,043	$ 708,457

Effingham County, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2011

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
2006 Effingham County SPLOST						
Public buildings capital outlay projects	$ 8,000,000	$ 8,000,000	$ 2,933,209	$ 1,267,256	$ 4,200,465	52.51%
Roads, streets and bridges	16,225,000	16,225,000	4,424,434	1,064,773	5,489,207	33.83%
Drainage capital outlay projects	5,000,000	5,000,000	142,657	30,278	172,935	3.46%
Recreation capital outlay projects	4,300,000	4,300,000	485,849	329,344	815,193	18.96%
Vehicle and equipment capital outlay projects	3,000,000	3,000,000	805,042	9,782	814,824	27.16%
Technology capital outlay projects	1,000,000	1,000,000	565,800	200,400	766,200	76.62%
Water and sewerage capital projects	3,000,000	3,002,164	552,164	2,450,000	3,002,164	100.00%
Intergovernmental						
City of Rincon	5,830,000	5,830,000	2,648,033	949,867	3,597,900	61.71%
City of Springfield	2,425,000	2,425,000	1,101,455	395,099	1,496,554	61.71%
City of Guyton	1,220,000	1,220,000	554,134	198,772	752,906	61.71%
Total	$ 50,000,000	$ 50,002,164	$ 14,212,777	$ 6,895,571	$ 21,108,348	42.21%

Reconciliation of current year disbursements	
Total disbursements per the Schedule of Revenues, Expenditures and Changes in Fund Balances	$ 6,996,813
Amount disbursed for principal payments on debt services on assets purchased in prior year	(101,242)
	$ 6,895,571

The prior year amounts have been restated to correct the misclassification of expenditures to the Effingham County Hospital as public buildings capital outlay projects. The correct classification is technology capital outlay projects. The effect of this restatement is to reduce public buildings and increase technology by $400,800.

Effingham County, Georgia

Family Connection Grant From Georgia Department of Human Resources

Schedule of Comparison of Actual Results and Budget

Contract Number 427-93-11110118-99

For the Year Ended June 30, 2011

	Actual	Revised Budget
Total contract amount	$ 42,250	$ 42,250
Revenues	$ 27,775	$ 42,250
Expenses:		
Personal services	34,900	34,900
Regular operating	4,626	4,626
Travel	1,105	1,240
Per diem fees, contracts and client services	0	
Telecommunications	1,152	1,484
	41,783	42,250
Excess disbursements over receipts (amount due from DHR)	$ (14,008)	$ 0

Effingham County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Health and Human Services			
Administration on Aging			
Pass-through programs from:			
Coastal Georgia Regional Development Center			
Special Programs for the Aging, Title III, Part C Nutrition Services	93.045	2011-08.3	63,340
Nutrition Services Incentive Program	93.053	2011-08.3	10,833
Total cluster			74,173
Centers for Disease Control			
Pass-through programs from:			
Coastal Georgia Regional Development Center Social Services Block Grant	93.667	2010-08.0	9,356
American Recovery and Reinvestment Act			
Pass-through programs from:			
State of Georgia Department of Human Services/Adult Subsidized Employment Program			
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	none indicated	17,185
Total U.S. Department of Health and Human Services			100,714
U. S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		1,077,850
Pass-through programs from:			
Georgia Emergency Management Agency/ Emergency Management Performance Grant	97.042	P09-9-053	11,261
Total U. S. Department of Homeland Security			1,089,111

Effingham County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Justice			
Bureau of Justice Assistance/Bulletproof Vest Partnership Program	16.607		400
Pass-through programs from:			
Council of Juvenile Court Judges of Georgia /Juvenile Accountability Block Grant	16.523	JB-08ST-0002	2,054
American Recovery and Reinvestment Act			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants To Units of Local Government	16.804	2009-SB-B9-2806	35,570
Total U.S. Department of Justice			38,024
U. S. Department of Agriculture			
Pass-through programs from:			
Georgia Office of School Readiness Summer Good Service Program for Children	10.559	B82-8-184	12,386
Total expenditures of federal awards			$ 1,240,235

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Effingham County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Government Auditing Standards and
Circular A-133 Reports

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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*

To the Board of Commissioners
Effingham County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise Effingham County, Georgia's basic financial statements and have issued our report thereon dated November 21, 2011. Other auditors audited the financial statements of the Effingham County Board of Health, as described in our report on Effingham 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. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Effingham County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Effingham County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Effingham County, Georgia's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as item 2011-1. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Effingham 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, County Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caines, Hodges, Ace & Company, P.C.

Rincon, Georgia
November 21, 2011

CAINES, HODGES, PACE & COMPANY, P.C.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Effingham County, Georgia

Compliance

We have audited the compliance of Effingham County, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Effingham County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Effingham County, Georgia's management. Our responsibility is to express an opinion on Effingham County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Effingham County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Effingham County, Georgia's compliance with those requirements.

In our opinion, Effingham County, Georgia complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Effingham County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Effingham County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Effingham County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, County Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cairns, Hodges, Pace & Company, P.C.

Rincon, Georgia
November 21, 2011

Effingham County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section 1 - Summary of Auditor's Reports

Financial Statements

Type of auditors' report issued				Unqualified
Internal control over financial reporting:				
Significant deficiencies	X	yes		none reported
Material weaknesses		yes	X	no
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	X	no
Deficiencies identified not considered to be material		yes	X	none reported
Type of auditors' report on compliance for major programs				Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?		yes	X	no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.044	Assistance to Firefighters Grant

Dollar threshold to distinguish between Type A and Type B programs	$ 300,000		
Auditee qualified as low-risk auditee?		yes	X no

Section II - Financial Statement Findings

2011-1 Segregation of Duties (Courts)

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

Condition: During our examination we noted a lack of proper segregation of duties within several areas of the County's elected offices, which included the Superior Court, Probate Court, and Magistrate Court. In these offices a lack of segregation of duties generally exists primarily in the areas of cash receipts and disbursements, recording and reconciliation functions.

2011-1 Segregation of Duties (Courts) (continued)

Cause of Condition: Each of these areas has a limited number of employees that are trained to perform financial functions, therefore, it becomes necessary for certain employees to perform duties that are conflicting, posing internal control risks.

Effect of condition: This condition can result in intentional or unintentional errors occurring without being detected on a timely basis.

Recommendation: To the extent possible, segregate duties in such a way that no one employee has access to both physical assets (cash) and related accounting records, or to all phases of the transaction.

Management response: We are aware of and concur with the finding. We will continue to work with these offices by requesting them to evaluate and determine an effective solution to properly segregate duties among recording, distribution, and reconciliation of funds and accounts. Additionally, we will request the office to document its policies, procedures, and the use of alternative measures or compensating controls in the performance of duties in order to mitigate and assist in safeguarding County assets. Management will continue to evaluate the situation, use compensating measures where possible and review the costs and related benefits for additional personnel in certain departments to address this problem.

2011-2 Segregation of Duties (Sheriff and Jail)

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

Condition: During our examination we noted a lack of proper segregation of duties within Sheriff's office and the jail. In these offices a lack of segregation of duties generally exists primarily in the areas of cash receipts and disbursements, recording and reconciliation functions.

Cause of Condition: Generally, in each of these offices, the same person initiates and records cash receipts and disbursements and reconciles the bank accounts that are maintained within these departments.

Effect of condition: This condition can result in intentional or unintentional errors occurring without being detected on a timely basis.

Recommendation: To the extent possible, segregate duties in such a way that no one employee has access to both physical assets (cash) and related accounting records, or to all phases of the transaction.

2011-2 Segregation of Duties (Sheriff and Jail)(continued)

Management response: We concur with the finding and will request the Sheriff's Office to remit appropriate funding and or accounts directly derived from county property, facilities or resources to the Board of Commissioners for fiscal management purposes. We will continue to work with this office by requesting them to evaluate and determine an effective solution to properly segregate duties among recording, distribution, and reconciliation of funds and accounts. Additionally, we will request the office to document its policies, procedures, and the use of alternative measures or compensating controls in the performance of duties in order to mitigate and assist in safeguarding County assets. Management will continue to evaluate the situation, use compensating measures where possible and review the costs and related benefits for additional personnel in certain departments to address this problem

Section III - Federal Awards Findings and Questioned Costs

None reported