EFFINGHAM COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Effingham County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Effingham County Board of Health, a discretely presented component unit, which represents .8%, 1.2%, and 2.1%, respectively, of the assets, net position, and revenues of Effingham County, Georgia.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Effingham County Board of Health, a discretely presented component unit, which represents .8%, 1.2%, and 2.1% respectively, of the assets, net position, and revenues of Effingham County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Effingham County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Tax District fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Effingham County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of projects paid with special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of Effingham County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Effingham County, Georgia's internal control over financial reporting and compliance.

Thigpen, Lanier, Waterfield & Dal

Statesboro, GA
November 14, 2014

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, 2014. 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 $103,630,581 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $70,522,744 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $21,228,906 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $11,878,931 represents 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 $35,891,567 this year. This compares to the prior year ending fund balance of $45,215,297 showing a decrease of $9,323,730 during the current year. The ending fund balance resources have been classified and reflect the use or intended use of the resources.
  (1) At the end of the current fiscal year, restricted fund balance for the General Fund was $1,655,881.
  (2) At the end of the current fiscal year, committed fund balance for the General Fund was $ 4,200,000.
  (3) At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,938,250 or 22% of total General Fund expenditures for fiscal year end June 2014.

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.

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 Position.* 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 Position.* Over time, increases or decreases in net position 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 non-financial 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 position 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 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 roads. Business-type activities include water and sewer systems and sanitation.

The government-wide financial statements are presented on pages 14 & 15 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 16 through 22 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 23 through 25 of this report.

Notes to the Basic Financial Statements

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 51.

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 position may be observed and used to discuss the changing financial position of the County as a whole.

The County's net position at fiscal year-end is $103,628,661. The following table provides a summary of the County's net position:

Summary of Net Position (in millions)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current Assets	40.7	49.0	2.6	2.3	43.3	51.3
Net Pension Asset	2.7	2.3	-	-	2.7	2.3
Capital Assets	72.7	64.3	34.7	36.4	107.4	100.7
Total Assets	116.1	115.6	37.3	38.7	153.4	154.3
Liabilities						
Current Liabilities	7.6	6.1	5.8	6.4	13.4	12.5
Long- Term Liabilities	12.9	15.7	23.5	24.9	36.4	40.6
Total Liabilities	20.5	21.8	29.3	31.3	49.8	53.1
Net Position						
Net Investment in Capital Assets	60.7	60.6	9.8	10.1	70.5	70.7
Restricted	21.2	21.1	-	-	21.2	21.1
Unrestricted	13.7	12.1	-1.8	-2.7	11.9	9.4
Total Net Position	95.6	93.8	8.0	7.4	103.6	101.2

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 5 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $1,799,368 for governmental activities and increased by $618,659 for business-type activities. Note that approximately 63.5% of the Governmental Activities' net position is 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 -1.8 million of unrestricted net position and 9.8 million invested in capital assets with total net position of 8.0 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 position:

Summary of Changes in Net Position

	2014				2013			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	$ 7,145,633	$ 5,999,108	$ 13,144,741	27%	$ 6,352,364	$ 4,595,967	$ 10,948,331	24%
Operating grants	2,045,928	-	2,045,928	4%	2,233,913	-	2,233,913	5%
Capital grants	1,066,850	17,800	1,084,650	2%	527,589	599,800	1,127,389	2%
General:								
Taxes	32,637,924	-	32,637,924	66%	30,920,349	-	30,920,349	68%
Other	611,859	304	612,163	1%	269,574	530	270,104	1%
Total revenues	43,508,194	6,017,212	49,525,406	100%	40,303,789	5,196,297	45,500,086	100%
Program Expenses:								
General government	5,553,998	-	5,553,998	12%	5,957,411	-	5,957,411	12%
Judicial	2,618,719	-	2,618,719	6%	2,619,560	-	2,619,560	5%
Public safety	18,196,866	-	18,196,866	39%	18,961,573	-	18,961,573	39%
Public works	9,985,452	-	9,985,452	21%	10,132,847	-	10,132,847	21%
Health and welfare	803,116	-	803,116	2%	800,525	-	800,525	2%
Culture and recreation	1,810,618	-	1,810,618	4%	1,808,334	-	1,808,334	4%
Housing and development	699,604	-	699,604	1%	846,607	-	846,607	2%
Interest	203,308	-	203,308	0%	311,779	-	311,779	1%
Water	-	2,503,797	2,503,797	5%	-	2,224,632	2,224,632	5%
Sewer	-	1,522,030	1,522,030	3%	-	1,477,359	1,477,359	3%
Sanitation	-	2,990,004	2,990,004	6%	-	3,118,186	3,118,186	6%
Other	-	219,867	219,867	1%	-	375,698	375,698	1%
Total expenses	39,871,681	7,235,698	47,107,379	100%	41,438,636	7,195,875	48,634,511	100%
Excess	3,636,513	(1,218,486)	2,418,027		(1,134,847)	(1,999,578)	(3,134,425)	
Transfers	(1,837,145)	1,837,145	-		(1,574,339)	1,574,339	-	
Change in net position	1,799,368	618,659	2,418,027		(2,709,186)	(425,239)	(3,134,425)	
Beginning net position	93,831,337	7,381,217	101,212,554		96,405,740	8,518,888	104,924,628	
Prior period adjustment	-	-	-		134,783	(712,432)	(577,649)	
Ending net position	$ 95,630,705	$ 7,999,876	$ 103,630,581		$ 93,831,337	$ 7,381,217	$ 101,212,554	

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2014, property taxes provided 37.8% of the County's governmental revenues and sales taxes provided 31.2% of the County's governmental revenues. Charges for services and other program revenues cover only 23.6% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 76.4% 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 45.64% (45.76% in 2013) of the County's total governmental expenses. The public works function makes up 25.04% (24.45% in 2013) 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.

	Total Cost of Services	Net Cost of Services
General government	$ 5,553,998	$ 4,419,121
Judicial	2,618,719	2,494,409
Public safety	18,196,866	11,317,072
Public works	9,985,452	8,918,602
Health and welfare	803,116	514,430
Culture and recreation	1,810,618	1,478,181
Housing and development	699,604	268,147
Interst on long-term debt	203,308	203,308
Total	$ 39,871,681	$ 29,613,270

Business-Type Activities

The County is in its eleventh year of the development of its water and sewer operations. The operating revenues for water and sewer in 2014 were $2,658,952 and $1,417,561 for 2013. Operating expenses for 2014 were $3,210,376 and $2,830,375 for 2013. An operating loss of $551,424 was incurred for 2014 and for 2013 the operating loss was $1,412,814.

The operating revenues for the sanitation fund were $3,216,890 for 2014 and $3,063,281 for 2013. This activity resulted in operating income of $226,886.

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 $35,891,567. Of this year-end total, $5,938,250 is unassigned indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the restricted fund balances) include but are not limited to: $13,709,236 committed to approved SPLOST projects, and $1,260,004 restricted to public safety purposes including the Emergency 911 program and Fire Services. In addition, committed fund balances are $4,200,000 in the General Fund for economic stabilization.

The total ending fund balances of governmental funds show a decrease of $9,323,730 or 20.6% 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 increased by $1,443,969 from the prior year.

Property tax revenues have increased from the prior year due to the net tax digest slightly increasing, collections of prior year taxes and the institution of vehicle title ad valorem tax. The digest increased from $1,528,720,160 to $1,536,265,451. In 2014, the millage rate was 8.558 mils. The General Fund's ending fund balance is considered to be in a strong position, representing the equivalent of 45.78% of actual annual expenditures. 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 $27.3 million, slightly down from the prior year. Major grouping of expenditures showed:

General fund general government costs decreased from $4,759,446 in 2013 to $4,360,764 in 2014.

General fund public safety costs decreased from $14,453,423 in 2013 to $14,316,454 in 2014.

General fund public works costs increased from $2,036,396 in 2013 to $2,122,013 in 2014.

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 overall revenue budget was amended upward by $174,000 primarily related to an increase in sales of surplus equipment. The actual revenue from charges for services was $107,198 above the final budget. Property taxes were $1,229,852 above the final budgeted revenue, and sales taxes were $181,976 above the final budget. Total revenues were $1,605,709 above the final budget.

Expenditures - The expenditure side of the original budget for the General Fund was revised upward for various items including $1,096,592 in fund balance payments to the cities. Final expenditures were at $27,273,681, which was $1,221,948 under the final 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, 2014, was $72,687,663 and $34,746,690 respectively. The total net increase in this net investment was $8,407,875 for governmental activities, and a $1,626,028 decrease for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $16,957,940. Depreciation for governmental activities was $8,548,666. Business-type assets depreciation was $1,176,681.

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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land and land rights	$ 4,997,353	$ 4,970,898	$ 1,386,918	$ 1,386,918	$ 6,384,271	$ 6,357,816
Construction in progress	28,849,016	13,460,478	407,129	407,129	29,256,145	13,867,607
Total non-depreciable assets	33,846,369	18,431,376	1,794,047	1,794,047	35,640,416	20,225,423
Depreciable assets:						
Buildings	37,239,480	37,239,480	16,842,312	16,842,312	54,081,792	54,081,792
Other equipment	25,495,377	25,282,942	2,553,801	2,553,801	28,049,178	27,836,743
Infrastructure	99,590,599	99,129,500	22,326,214	22,775,561	121,916,813	121,905,061
Total depreciable assets	162,325,456	161,651,922	41,722,327	42,171,674	204,047,783	203,823,596
Less accumulated depreciation	123,484,162	115,803,510	8,769,684	7,593,003	132,253,846	123,396,513
Book value - depreciable assets	38,841,294	45,848,412	32,952,643	34,578,671	71,793,937	80,427,083
Remaining to depreciate	24%	28%	79%	82%	35%	39%
Book value - all assets	$ 72,687,663	$ 64,279,788	$ 34,746,690	$ 36,372,718	$ 107,434,353	$ 100,652,506

At June 30, 2014, the depreciable capital assets for governmental activities had 24% remaining to depreciate.

(This page continued on next page)

Long-term Debt

At the end of the fiscal year, the County had total capital leases outstanding of $14,129,093 and notes payable within the Business-type activities of $ 24,915,552.

During the year, the County entered into a $750,000 capital lease for patrol cars.

During the year, the County retired $115,517 of the E-911 capital lease and $84,348 of the capital lease for the patrol cars. In fiscal year 2013, the County issued $14,980,000 of Association of County Commissioners of Georgia Leasing Program Certificates of Participation, Series 2012 for the purpose of renovating and expanding the Effingham County Sheriff's office and jail. The lease will be paid with Special Local Option Sales Tax Proceeds as a Tier 1 Project. In 2014 $2,865,000 was retired.

	Governmental Activities		Percentage
	2014	2013	Change
Capital leases	$ 14,129,093	$ 16,722,782	-16%
Landfill closure and postclosure care	1,655,881	1,636,217	1%
Compensated absences	846,770	780,431	9%
Total	$ 16,631,744	$ 19,139,430	-13%

See Notes 8, 9 and 10 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 Administrator or Finance Director at 601 North Laurel Street, Springfield, Georgia 31329 or telephone 912-754-2111 or 912-754-8011.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Effingham County Board of Health
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 36,637,926	$ 2,384,155	$ 39,022,081	$ 1,183,485
Restricted cash	170,417	-	170,417	-
Receivables:				
Accounts	460,905	263,700	724,605	22,021
Taxes	1,215,379	-	1,215,379	-
Intergovernmental	1,478,556	-	1,478,556	-
Internal balances	56,641	(56,641)	-	-
Inventories	789	-	789	-
Prepaid items	734,705	2,433	737,138	-
Total Current Assets	40,755,318	2,593,647	43,348,965	1,205,506
Net Pension Asset	2,714,380	-	2,714,380	-
Capital Assets:				
Nondepreciable capital assets	33,846,369	1,794,047	35,640,416	-
Depreciable capital assets, net	38,841,294	32,952,643	71,793,937	32,416
Total Capital Assets	72,687,663	34,746,690	107,434,353	32,416
Total Assets	$ 116,157,361	$ 37,340,337	$ 153,497,698	$ 1,237,922
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 3,037,086	$ 804,230	$ 3,841,316	$ 1,203
Accrued interest payable	82,378	66,608	148,986	-
Other accrued liabilities	460,620	12,953	473,573	-
Performance bonds	23,221	-	23,221	-
Customer deposits	-	143,449	143,449	-
Unearned revenue	291,607	3,369,809	3,661,416	-
Compensated absences payable	508,062	16,716	524,778	8,113
Capital leases payable	3,176,201	-	3,176,201	-
Notes payable	-	1,452,004	1,452,004	-
Total Current Liabilities	7,579,175	5,865,769	13,444,944	9,316
Long-Term Liabilities:				
Notes payable (net of current portion)	-	23,463,548	23,463,548	-
Compensated absences payable (net of current portion)	338,708	11,144	349,852	32,450
Capital leases payable (net of current portion)	10,952,892	-	10,952,892	-
Landfill closure and postclosure care costs	1,655,881	-	1,655,881	-
Total Long-Term Liabilities	12,947,481	23,474,692	36,422,173	32,450
Total Liabilities	20,526,656	29,340,461	49,867,117	41,766
NET POSITION				
Net investment in capital assets	60,691,606	9,831,138	70,522,744	32,416
Restricted for:				
Capital projects	11,576,200	-	11,576,200	-
Service delivery to unincorporated areas	7,141,318	-	7,141,318	-
Debt service	52,387	-	52,387	-
Other purposes	2,459,001	-	2,459,001	257,121
Unrestricted	13,710,193	(1,831,262)	11,878,931	906,619
Total Net Position	$ 95,630,705	$ 7,999,876	$ 103,630,581	$ 1,196,156

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Program/Function	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Effingham County Board of Health
Primary Government								
Governmental Activities								
General government	$ 5,553,998	$ 1,087,011	$ 47,866	$ -	$ (4,419,121)	$ -	$ (4,419,121)	
Judicial	2,618,719	117,042	7,268	-	(2,494,409)	-	(2,494,409)	
Public safety	18,196,866	5,207,758	1,672,036	-	(11,317,072)	-	(11,317,072)	
Public works	9,985,452	-	-	1,066,850	(8,918,602)	-	(8,918,602)	
Health and welfare	803,116	-	288,686	-	(514,430)	-	(514,430)	
Culture and recreation	1,810,618	302,365	30,072	-	(1,478,181)	-	(1,478,181)	
Housing and development	699,604	431,457	-	-	(268,147)	-	(268,147)	
Interest and fiscal charges	203,308	-	-	-	(203,308)	-	(203,308)	
Total governmental activities	39,871,681	7,145,633	2,045,928	1,066,850	(29,613,270)	-	(29,613,270)	-
Business-type Activities								
Water and Sewer	2,503,797	2,074,999	-	-	-	(428,798)	(428,798)	-
Wastewater Treatment Plant	1,522,030	583,953	-	-	-	(938,077)	(938,077)	-
Sanitation	2,990,004	3,216,890	-	-	-	226,886	226,886	-
Other	219,867	123,266	-	17,800	-	(78,801)	(78,801)	-
Total business-type activities	7,235,698	5,999,108	-	17,800	-	(1,218,790)	(1,218,790)	
Total - Primary Government	$ 47,107,379	$ 13,144,741	$ 2,045,928	$ 1,084,650	(29,613,270)	(1,218,790)	(30,832,060)	-
Component Unit:								
Effingham County Board of Health	$ 763,208	$ 325,694	$ 545,250	$ -				$ 107,736
General Revenues								
Property taxes levied for general government purposes					16,438,723	-	16,438,723	
Sales taxes					13,580,030	-	13,580,030	-
Insurance premium tax					1,805,243	-	1,805,243	-
Other taxes					528,613	-	528,613	-
Gain on sale of capital assets					285,315	-	285,315	-
Investment earnings					8,440	304	8,744	-
Donated infrastructure					319,264		319,264	
Other					284,155	-	284,155	156,747
Total General Revenues					33,249,783	304	33,250,087	156,747
Transfers					(1,837,145)	1,837,145	-	-
Total General Revenues and Transfers					31,412,638	1,837,449	33,250,087	156,747
Change in Net Position					1,799,368	618,659	2,418,027	264,483
Net Position Beginning of Year					93,831,337	7,381,217	101,212,554	931,673
Net Position End of Year					$ 95,630,705	$ 7,999,876	$ 103,630,581	$ 1,196,156

See accompanying note to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 11,516,178	$ 7,075,946	$ 15,614,507	$ 2,431,295	$ 36,637,926
Restricted cash	170,417	-	-	-	170,417
Receivables:					
Accounts	291,401	-	-	169,504	460,905
Taxes	1,150,007	65,372	-	-	1,215,379
Intergovernmental	744,046	-	734,510	-	1,478,556
Interfund	62,917	-	-	24,870	87,787
Inventories	789	-	-	-	789
Prepaid items	692,055	-	-	42,650	734,705
TOTAL ASSETS	$ 14,627,810	$ 7,141,318	$ 16,349,017	$ 2,668,319	$ 40,786,464
LIABILITIES					
Accounts payable	$ 563,485	$ -	$ 2,413,205	$ 60,396	$ 3,037,086
Accrued liabilities	410,954	-	-	49,666	460,620
Performance bonds	23,221	-	-	-	23,221
Interfund payable	26,927	-	-	4,219	31,146
Unearned revenue	65,031	-	226,576	-	291,607
TOTAL LIABILITIES	1,089,618	-	2,639,781	114,281	3,843,680
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,051,217	-	-	-	1,051,217
FUND BALANCES					
Nonspendable					
Inventories	789	-	-	-	789
Prepaid items	692,055	-	-	42,650	734,705
Restricted					
Landfill closure and post-closure	1,655,881	-	-	-	1,655,881
Special service district - unincorporated area	-	7,141,318	-	-	7,141,318
Public safety	-	-	-	1,260,004	1,260,004
Public works, public safety, and recreation	-	-	-	906,307	906,307
Housing and development	-	-	-	219,728	219,728
Health and welfare	-	-	-	42,085	42,085
Judicial	-	-	-	30,877	30,877
Capital projects	-	-	13,709,236	-	13,709,236
Debt service	-	-	-	52,387	52,387
Committed					
Economic stabilization	4,200,000	-	-	-	4,200,000
Unassigned	5,938,250	-	-	-	5,938,250
TOTAL FUND BALANCES	12,486,975	7,141,318	13,709,236	2,554,038	35,891,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 14,627,810	$ 7,141,318	$ 16,349,017	$ 2,668,319	$ 40,786,464

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Governmental Fund Balances		$ 35,891,567
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	$ 196,171,825	
Less accumulated depreciation	(123,484,162)	72,687,663
The net pension asset is not an available resource and therefore is not reported in the funds.		2,714,380
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds:		
Property taxes		1,051,217
Long-term liabilities, including capital leases, notes payable, compensated absences, and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position:		
Accrued interest payable	$ (82,378)	
Capital leases payable	(14,129,093)	
Landfill closure and post-closure care costs	(1,655,881)	
Compensated absences payable	(846,770)	(16,714,122)
Net Position Of Governmental Activities		$ 95,630,705

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 21,742,059	$ 3,004,512	$ 7,817,304	$ 9,602	32,573,477
Licenses and permits	38,600	-	-	427,937	466,537
Intergovernmental	2,045,928	-	1,048,186	-	3,094,114
Charges for services	2,762,856	-	-	2,501,469	5,264,325
Fines and forfeitures	1,271,261	-	-	143,509	1,414,770
Investment earnings	7,808	-	18,664	632	27,104
Other	272,114	-	-	12,041	284,155
Total revenues	28,140,626	3,004,512	8,884,154	3,095,190	43,124,482
EXPENDITURES					
Current:					
General government	4,360,764	-	-	-	4,360,764
Judicial	2,636,996	-	-	-	2,636,996
Public safety	14,316,454	-	-	3,349,271	17,665,725
Public works	2,122,013	-	-	71,777	2,193,790
Health and welfare	717,338	-	-	88,435	805,773
Culture and recreation	1,609,672	-	-	-	1,609,672
Housing and development	322,633	-	-	366,830	689,463
Capital outlay					
General government	-	-	38,389	-	38,389
Public safety	-	-	11,668,865	-	11,668,865
Public works	-	-	4,158,117	-	4,158,117
Intergovernmental	1,096,592	-	1,164,939	-	2,261,531
Debt service:					
Principal	84,348	-	-	2,980,517	3,064,865
Interest	6,871	-	-	484,460	491,331
Debt issuance costs	-	-	-	2,500	2,500
Total expenditures	27,273,681	-	17,030,310	7,343,790	51,647,781
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	866,945	3,004,512	(8,146,156)	(4,248,600)	(8,523,299)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	286,714	-	-	-	286,714
Proceeds from capital lease	750,000	-	-	-	750,000
Transfers in	15,944	-	-	4,677,462	4,693,406
Transfers out	(475,634)	(2,640,000)	(3,374,567)	(40,350)	(6,530,551)
Total other financing sources (uses)	577,024	(2,640,000)	(3,374,567)	4,637,112	(800,431)
NET CHANGE IN FUND BALANCES	1,443,969	364,512	(11,520,723)	388,512	(9,323,730)
FUND BALANCES, JULY 1, 2013	11,043,006	6,776,806	25,229,959	2,165,526	45,215,297
FUND BALANCES, JUNE 30, 2014	$ 12,486,975	$ 7,141,318	$ 13,709,236	$ 2,554,038	$ 35,891,567

See accompanying notes to the basic financial statements

EFFINGHAM COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change In Fund Balances - Total Governmental Funds				$ (9,323,730)
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 capitalized capital outlays exceeded depreciation expense in the current period.				
	Depreciation expense		$ (8,548,666)	
	Capital outlay		16,957,940	8,409,274
The increase in the net pension asset is reported on the government-wide statement of activities but not in the governmental funds.	Net pension asset:			
		06/30/14	2,714,380	
		06/30/13	(2,297,674)	416,706
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.				
	Property taxes:			
	Unavailable @ 6/30/14		1,051,217	
	Unavailable @ 6/30/13		(1,272,085)	(220,868)
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.				(1,399)
Other financing sources for the inception of capital leases and proceeds from notes payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.				(750,000)
Repayment of notes and capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.				3,064,865
Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of this difference in the treatment of long-term debt and related items.				278,824
Some expenses reported in the statement of activities, such as landfill closure and post-closure care costs, accrued interest payable, and compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.				
	Change in accrued interest payable		11,699	
	Change in compensated absences payable		(66,339)	
	Change in landfill closure and postclosure care costs		(19,664)	(74,304)
Change In Net Position of Governmental Activities				$ 1,799,368

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes				
Property	$ 14,230,470	$ 14,230,470	$ 15,460,322	$ 1,229,852
Sales	5,580,750	5,580,750	5,762,726	181,976
Other	361,272	426,272	519,011	92,739
Licenses and permits	26,100	26,100	38,600	12,500
Intergovernmental	2,058,633	2,078,633	2,045,928	(32,705)
Charges for services	2,655,658	2,655,658	2,762,856	107,198
Fines and forfeitures	1,234,104	1,284,104	1,271,261	(12,843)
Investment earnings	17,759	17,759	7,808	(9,951)
Other	196,171	235,171	272,114	36,943
Total revenues	26,360,917	26,534,917	28,140,626	1,605,709
EXPENDITURES				
Current:				
General government:				
Commissioners' office	288,590	300,000	288,353	11,647
Elections	232,997	236,693	221,236	15,457
Financial administration	1,610,992	1,598,634	1,300,023	298,611
Information Technology	538,186	532,998	448,819	84,179
Tax commissioner	752,415	757,420	751,715	5,705
Tax assessor	754,007	753,477	672,805	80,672
Government buildings	534,976	680,894	677,813	3,081
Total general government	4,712,163	4,860,116	4,360,764	499,352
Judicial:				
Superior court clerk's office	541,786	567,477	520,239	47,238
Superior court	613,269	616,819	637,254	(20,435)
District attorney's office	364,648	370,752	370,752	-
State Court	263,327	279,393	273,264	6,129
Solicitor	-	228,029	224,020	4,009
Magistrate Court	320,995	318,524	289,493	29,031
Probate Court	298,920	297,370	288,476	8,894
Board of equalization	48,669	48,237	33,498	14,739
Total judicial	2,451,614	2,726,601	2,636,996	89,605
Public safety:				
Emergency management	165,318	177,830	168,649	9,181
Sheriff	5,722,123	6,569,655	6,424,130	145,525
School resource officers	289,130	288,730	278,245	10,485
Jail	2,055,819	2,024,282	1,989,284	34,998
Correctional institute	2,888,955	2,597,043	2,413,720	183,323
Inmate medical	335,000	340,800	336,428	4,372
Probation	237,847	234,552	228,440	6,112
Emergency medical services	2,268,920	2,302,073	2,265,782	36,291
Coroner	57,463	59,368	46,564	12,804
Animal control	245,145	246,905	165,212	81,693
Total public safety	14,265,720	14,841,238	14,316,454	524,784

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public works:				
Roads	$ 1,691,021	$ 1,860,880	$ 1,834,260	$ 26,620
Roads - Cities	272,277	337,276	287,753	49,523
Total public works	1,963,298	2,198,156	2,122,013	76,143
Health and welfare:				
Health Department	264,267	264,267	264,267	-
Department of Family and Children Services	77,708	77,708	71,515	6,193
Summer food program	18,692	18,692	14,107	4,585
Family connections	100,145	100,145	62,379	37,766
Senior citizens	277,930	288,170	249,813	38,357
Other community services	50,000	50,000	55,257	(5,257)
Total health and welfare	788,742	798,982	717,338	81,644
Culture and recreation				
Recreation	1,049,582	1,067,801	1,058,406	9,395
Recreation - Cities	117,104	117,104	105,394	11,710
Library	445,872	445,872	445,872	-
Total culture and recreation	1,612,558	1,630,777	1,609,672	21,105
Housing and development:				
Extension service	129,161	136,764	131,222	5,542
Geographic Information Systems	209,128	206,403	189,161	17,242
Economic development	-	-	2,250	(2,250)
Total housing and development	338,289	343,167	322,633	20,534
Intergovernmental - Service delivery	-	1,096,592	1,096,592	-
Debt service:				
Principal	-	-	84,348	(84,348)
Interest	-	-	6,871	(6,871)
Total debt service	-	-	91,219	(91,219)
Total expenditures	26,132,384	28,495,629	27,273,681	1,221,948
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	228,533	(1,960,712)	866,945	2,827,657
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	7,500	127,500	286,714	159,214
Proceeds from capital lease	-	750,000	750,000	-
Transfers in	-	-	15,944	15,944
Transfers out	(475,634)	(475,634)	(475,634)	-
Total other financing sources (uses)	(468,134)	401,866	577,024	175,158
NET CHANGE IN FUND BALANCE	$ (239,601)	$ (1,558,846)	1,443,969	$ 3,002,815
FUND BALANCE, BEGINNING OF YEAR			11,043,006	
FUND BALANCE, END OF YEAR			$ 12,486,975	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
SPECIAL TAX DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 1,425,312	$ 3,004,512	$ 1,579,200
EXPENDITURES	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	1,425,312	3,004,512	1,579,200
OTHER FINANCING SOURCES (USES)			
Transfers in	689,877	-	(689,877)
Transfers out	(2,958,557)	(2,640,000)	318,557
Total other financing sources (uses)	(2,268,680)	(2,640,000)	(371,320)
NET CHANGE IN FUND BALANCE	$ (843,368)	364,512	$ 1,207,880
FUND BALANCE, BEGINNING OF YEAR		6,776,806	
FUND BALANCE, END OF YEAR		$ 7,141,318	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 429,506	$ 262,589	$ 1,588,554	$ 103,506	$ 2,384,155
Receivables:					
Accounts	259,539	1,941	1,590	630	263,700
Interfund	3,070,531	2,407	1,919	3,150	3,078,007
Prepaid items	2,433	-	-	-	2,433
Total Current Assets	3,762,009	266,937	1,592,063	107,286	5,728,295
Capital Assets					
Land	100,358	1,286,560	-	-	1,386,918
Construction in progress	407,129	-	-	-	407,129
Systems and equipment (net of depreciation)	18,585,059	14,128,218	239,366	-	32,952,643
Total Capital Assets	19,092,546	15,414,778	239,366	-	34,746,690
Total Assets	22,854,555	15,681,715	1,831,429	107,286	40,474,985
LIABILITIES					
Current Liabilities					
Accounts payable	528,811	19,577	240,739	15,103	804,230
Accrued payroll	2,904	5,338	2,396	2,315	12,953
Compensated absences payable	3,750	5,806	2,387	4,773	16,716
Accrued interest payable	34,280	32,328	-	-	66,608
Customer deposits	142,399	1,050	-	-	143,449
Unearned revenue	3,264,109	11,200	-	94,500	3,369,809
Interfund payable	62,917	3,071,731	-	-	3,134,648
Notes payable	675,532	776,472	-	-	1,452,004
Total Current Liabilities	4,714,702	3,923,502	245,522	116,691	9,000,417
Long-Term Liabilities					
Compensated absences payable (net of current portion)	2,500	3,871	1,591	3,182	11,144
Notes payable (net of current portion)	11,129,254	12,334,294	-	-	23,463,548
Total Long-Term Liabilities	11,131,754	12,338,165	1,591	3,182	23,474,692
Total Liabilities	15,846,456	16,261,667	247,113	119,873	32,475,109
NET POSITION					
Net investment in capital assets	7,287,760	2,304,012	239,366	-	9,831,138
Unrestricted	(279,661)	(2,883,964)	1,344,950	(12,587)	(1,831,262)
Total Net Position	7,008,099	(579,952)	1,584,316	(12,587)	7,999,876

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 2,037,409	$ 583,923	$ 3,216,820	$ 123,266	$ 5,961,418
Miscellaneous	37,590	30	70	-	37,690
Total revenues	2,074,999	583,953	3,216,890	123,266	5,999,108
OPERATING EXPENSES					
Salaries and employee benefits	137,763	212,571	106,690	104,441	561,465
Purchased services	1,215,669	90,573	2,862,883	96,271	4,265,396
Materials and supplies	213,705	177,787	6,058	14,655	412,205
Depreciation	525,121	637,187	14,373	-	1,176,681
Total operating expenses	2,092,258	1,118,118	2,990,004	215,367	6,415,747
OPERATING LOSS	(17,259)	(534,165)	226,886	(92,101)	(416,639)
NON-OPERATING REVENUES (EXPENSES)					
Impact fees	-	-	-	17,800	17,800
ERU charges	(9,900)	-	-	(4,500)	(14,400)
Investment earnings	27	22	235	20	304
Interest expense	(401,639)	(403,912)	-	-	(805,551)
Total non-operating revenues (expenses)	(411,512)	(403,890)	235	13,320	(801,847)
INCOME (LOSS) BEFORE TRANSFERS	(428,771)	(938,055)	227,121	(78,781)	(1,218,486)
TRANSFERS IN (OUT)	1,533,466	265,254	-	38,425	1,837,145
CHANGE IN NET POSITION	1,104,695	(672,801)	227,121	(40,356)	618,659
NET POSITION, BEGINNING OF YEAR	5,903,404	92,849	1,357,195	27,769	7,381,217
NET POSITION, END OF YEAR	$ 7,008,099	$ (579,952)	$ 1,584,316	$ (12,587)	$ 7,999,876

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 1,914,514	$ 596,728	$ 3,219,140	$ 125,697	$ 5,856,079
Cash payments to employees for services	(137,839)	(209,850)	(107,298)	(103,964)	(558,951)
Cash payments for goods and services	(1,247,080)	(282,664)	(2,958,484)	(167,339)	(4,655,567)
Net cash provided (used) by operating activities	529,595	104,214	153,358	(145,606)	641,561
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) other funds	(747,608)	779,062	(719)	24,430	55,165
Interfund transfers	1,400,000	250,000	-	187,145	1,837,145
Net cash provided (used) by noncapital financing activities	652,392	1,029,062	(719)	211,575	1,892,310
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact fees	-	-	-	17,800	17,800
ERU charges	(9,900)	-	-	(4,500)	(14,400)
Interfund transfers	133,466	15,254	-	(148,720)	-
Principal paid on notes payable	(651,863)	(753,542)	-	-	(1,405,405)
Interest paid on notes payable	(403,642)	(405,662)	-	-	(809,304)
Purchase of capital assets	(21,200)	-	-	-	(21,200)
Net cash provided (used) by capital and related financing activities	(953,139)	(1,143,950)	-	(135,420)	(2,232,509)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	27	22	235	20	304
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	228,875	(10,652)	152,874	(69,431)	301,666
CASH AND CASH EQUIVALENTS, JULY 1, 2013	200,631	273,241	1,435,680	172,937	2,082,489
CASH AND CASH EQUIVALENTS, JUNE 30, 2014	$ 429,506	$ 262,589	$ 1,588,554	$ 103,506	$ 2,384,155
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (17,259)	$ (534,165)	$ 226,886	$ (92,101)	$ (416,639)
Adjustments:					
Depreciation	525,121	637,187	14,373	-	1,176,681
(Increase) decrease in operating assets:					
Accounts receivable	12,369	1,425	2,250	2,431	18,475
Prepaid items	(1,380)	-	-	-	--
Increase (decrease) in operating liabilities:					
Accounts payable	183,674	(14,304)	(89,543)	(51,913)	27,914
Customer deposits	55,192	150	-	-	-
Accrued payroll	346	2,750	793	158	4,047
Unearned revenue	(228,046)	11,200	-	(4,500)	(221,346)
Compensated absences payable	(422)	(29)	(1,401)	319	(1,533)
Net cash provided (used) by operating activities	$ 529,595	$ 104,214	$ 153,358	$ (145,606)	$ 641,561

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

	Pension Trust Funds For the Year Ended December 31, 2013	Agency Funds June 30, 2014
Assets		
Cash and cash equivalents	$ 309,416	$ 1,494,130
Investments, at fair value, in mutual funds	7,443,963	-
Receivables:		
From employer	16,347	-
From employees	5,445	-
Total assets	$ 7,775,171	$ 1,494,130
Liabilities		
Due to other entities and individuals		$ 1,494,130
Net Position		
Held in trust for employee pension benefits	$ 7,775,171	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

	Pension Trust Funds For the Year Ended December 31, 2013
Additions	
Contributions	
Employer	$ 384,004
Plan members	127,963
Total contributions	511,967
Investment income	
Dividends and interest	223,058
Net appreciation in fair value of investments	932,437
Total investment income	1,155,495
Total additions	1,667,462
Deductions	
Benefits	253,980
Administrative expenses	83,260
Total deductions	337,240
Change in net position	1,330,222
Net position, Beginning of year	6,444,949
Net position, End of year	$ 7,775,171

See accompanying notes to the basic financial statements.

Effingham County, Georgia (the "County") operates under a five-member board of commissioners and a chairman-at-large form of government.

NOTE 1 – 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 governments. 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.

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

1-A. Reporting Entity

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.

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 County's discretely presented component units follows:

Effingham County Board of Health – The Effingham County Board of Health is included as a discretely presented component unit. Copies of the discretely presented component unit's separate financial statements may be obtained directly from their administrative office at:

Effingham County Board of Health
P.O. Box 350
Springfield, Georgia 31329

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the County's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the County and its discretely presented component unit.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental, proprietary, and fiduciary funds.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Fiduciary funds are reported by type.

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. The following are the County's major governmental funds:

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 Funds – 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 position, financial position, and cash flows. The proprietary funds are classified as enterprise funds. The following are the County's major enterprise funds:

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

Wastewater Treatment Plant Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing wastewater treatment 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 funds report the collections and disbursements of the various constitutional officers.

1-C. 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 position. 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.

The proprietary and pension trust funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. 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 fiduciary funds use the accrual basis of accounting. Proprietary 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 inflows/outflows, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue – 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. 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.

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.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the governmental fund financial statements and the government-wide financial statements, revenues are reported as unearned for grants and entitlements received before eligibility requirements are met (e.g., cash advances).

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.

1-E. Assets, Liabilities and Net Position

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 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 United States 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014.

Interfund Balances

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

Consumable Inventories

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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 reported as nonspendable 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 position but does not report these assets in the County fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in proprietary funds' statement of net position.

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, right-of-ways 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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Estimated Lives
Buildings and improvements	7-30 years
Machinery and equipment	5-10 years
Infrastructure	10-25 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.

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.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absences 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. Notes and capital leases are recognized as a liability in the governmental fund financial statements when due.

Debt Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statements of net position, debt premiums and discounts are netted against the debt payable. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are amortized over the life of the debt using the effective interest method and debt issuance costs are expensed in the current period.

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

Deferred Outflows/Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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

Fund Equity

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

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

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Board of Commissioners' intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners can delegate authority to assign fund balances.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets 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. Net position is reported as restricted when there are limitations imposed on its 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 position is reported as unrestricted.

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

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, sewer, and sanitation programs. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. 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.

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 after the nonoperating revenues/expenses section in proprietary funds. Repayment 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. Transfers between governmental and business-type activities are eliminated from the total column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund and capital projects fund. The budget resolution reflects the total of each department's appropriation in each 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 change in total to a fund or departmental appropriation within a fund requires approval of the Board of Commissioners.

During the year, the Board of Commissioners approved budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2014 in the following departments for the general fund:

	General Fund
Superior court	$ 20,435
Other community services	5,257
Economic development	2,250
Debt Service	91,219

The overexpenditures in these areas were funded by underexpenditures in other areas.

Expenditures exceeded appropriations in the E-911 special revenue fund by $58,842, and these overexpenditures were funded by additional revenues over amounts budgeted.

Expenditures exceeded appropriations in the debt service fund by $214,286, and these overexpenditures were funded by additional operating transfers over amounts budgeted.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Deficit Fund Balance / Net Position

The Wastewater Treatment Plant enterprise fund had a deficit net position of $579,952 at June 30, 2014 which the County plans to eliminate with future revenue or transfers from other funds. The water impact fees enterprise fund had a deficit net position of $46,194 at June 30, 2014 which the County plans to eliminate with future revenues or transfers from other funds. The sewer impact fees enterprise fund had a deficit net position of $52,500 at June 30, 2014 which the County plans to eliminate with future revenues or transfers from other funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2013, the carrying amount of the County's deposits and investments was $40,686,628 and the bank balance was $41,495,560. The entire bank balance was insured and collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

At June 30, 2014, the County invested $21,177,119 (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 the State Treasurer. This pool is established under Georgia law (O.C.G.A. 36-83-8). 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 custodial credit risk.

At December 31, 2013, the Pension Trust Fund held investments in publicly traded mutual funds totaling $7,443,963. Investments are valued based on quoted market rates.

Discretely Presented Component Unit

The carrying amount of deposits for the Effingham County Board of Health was $1,183,235 and the bank balance was $1,183,630. As of June 30, 2014, the Board of Health did not have any balances exposed to custodial credit risk.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2014, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables 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 collectibility.

NOTE 5 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are 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 taxes for the Effingham County Board of Education, the Effingham County Hospital Authority, the Effingham County Industrial Development Authority, the State of Georgia and cities within the County. Collection of the County's taxes and for the other government 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 the year ended June 30, 2014, property taxes were levied on July 8, 2013, and were due November 15, 2013.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
Drug Abuse & Treatment Education	General	$ 236
E-911	General	111
Fire Taxing District	General	18,028
Inspections & Zoning	General	1,905
Senior Citizens Activity	General	371
Wastewater Treatment Plant	General	2,407
Sanitation	General	719
Landfill	General	3,150
Wireless E-911	E-911	4,219
Sanitation	Wastewater Treatment Plant	1,200
General	Wastewater Treatment Plant	62,917
Water and Sewer Operating	Wastewater Treatment Plant	3,070,531
Total		$ 3,165,794

Interfund balances at June 30, 2014 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfers From:			
Transfers To:	General Fund	Sewer Impact Fees	Water Impact Fees	Special Tax District
General	-	-	-	-
Fire Taxing District	-	-	-	$ 900,000
Senior Citizens Activity	-	-	-	90,000
Sheriff Special Funds	-	-	-	-
E911	$ 288,489	-	-	-
Debt Service	-	-	-	-
Water and Sewer Operating	-	$ 129,951	$ 3,515	1,400,000
Wastewater Treatment Plant	-	15,254	-	250,000
Landfill	187,145	-	-	-
Total	$ 475,634	$ 145,205	$ 3,515	$ 2,640,000

	Transfers From:			
Transfers To:	SPLOST	State Condemnation	Prison	Total
General	-	-	$ 15,944	$ 15,944
Fire Taxing District	-	-	-	900,000
Senior Citizens Activity	-	-	-	90,000
Sheriff Special Funds	-	$ 24,406	-	24,406
E911	-	-	-	288,489
Debt Service	$ 3,374,567	-	-	3,374,567
Water and Sewer Operating	-	-	-	1,533,466
Wastewater Treatment Plant	-	-	-	265,254
Landfill	-	-	-	187,145
Total	$ 3,374,567	$ 24,406	$ 15,944	$ 6,679,271

Transfers from the general fund are used primarily to help fund the landfill and E911. Transfers to the Water and Sewer Operating fund and the Wastewater Treatment Plant fund from Water Impact Fees and Sewer Impact Fees were used for debt service, and transfers to various funds from the Special Tax District Fund were to fund operations. Transfers from the SPLOST fund to the Debt Service fund were used for debt service and transfers from the State Condemnation to the Sheriff Special Funds were to fund various items needed by the Sheriff's department. Transfers from the Prison to the general fund were to fund various public safety expenditures within the general fund.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,970,898	$ 26,455	-	$ 4,997,353
Construction in progress	13,460,478	15,388,538	-	28,849,016
Total capital assets not being depreciated	18,431,376	15,414,993	-	33,846,369
Capital assets being depreciated:				
Buildings and improvements	37,239,480	-	-	37,239,480
Machinery and equipment	25,282,942	1,081,848	$ 869,413	25,495,377
Infrastructure	99,129,500	461,099	-	99,590,599
Total capital assets being depreciated	161,651,922	1,542,947	869,413	162,325,456
Total capital assets	180,083,298	16,957,940	869,413	196,171,825
Accumulated depreciation:				
Buildings and improvements	14,979,971	1,614,838	-	16,594,809
Machinery and equipment	21,632,272	1,551,895	868,014	22,316,153
Infrastructure	79,191,267	5,381,933	-	84,573,200
Total accumulated depreciation	115,803,510	8,548,666	868,014	123,484,162
Governmental activities capital assets, net	$ 64,279,788	$ 8,409,274	$ 1,399	$ 72,687,663

Governmental activities depreciation expense:

General government	$ 1,227,715
Public safety	1,550,244
Public works	5,548,269
Culture and Recreation	200,542
Housing and development	21,896
Total governmental activities depreciation expense	$ 8,548,666

NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2014 for the County's enterprise funds was as follows:

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 1,386,918	-	-	$ 1,386,918
Construction in progress	407,129	-	-	407,129
Total capital assets not being depreciated	1,794,047	-	-	1,794,047
Capital assets being depreciated:				
Buildings and improvements	16,842,312	-	-	16,842,312
Machinery and equipment	2,553,801	-	-	2,553,801
Infrastructure	22,775,561	$ 21,200	$ 470,547	22,326,214
Total capital assets being depreciated	42,171,674	21,200	470,547	41,722,327
Total capital assets	43,965,721	21,200	470,547	43,516,374
Accumulated depreciation:				
Buildings and improvements	2,926,340	425,871	-	3,352,211
Equipment	1,450,628	225,689	-	1,676,317
Infrastructure	3,216,035	525,121	-	3,741,156
Total accumulated depreciation	7,593,003	1,176,681	-	8,769,684
Business-type activities capital assets, net	$ 36,372,718	$(1,155,481)	$ 470,547	$34,746,690

Capital asset activity for the year ended June 30, 2014 for the Effingham County Board of Health was as follows:

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Component Unit:				
Machinery and equipment	$ 58,672	$ 27,300	-	$ 85,972
Less accumulated depreciation	(41,880)	(11,676)	-	(53,556)
Component unit capital assets, net	$ 16,792	$ 15,624	-	$ 32,416

NOTE 8 – CAPITAL LEASES

Governmental Activities

The County has entered into lease agreements as lessee for financing of E-911 equipment costing $1,224,471 and for patrol cars costing $808,780, of which $750,000 was financed through the lease agreement. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Amortization of the cost of the equipment is included in depreciation expense in the government-wide financial statements.

NOTE 8 – CAPITAL LEASES (Continued)

The E-911 equipment was fully depreciated and the accumulated depreciation on the patrol cars was $93,825 at June 30, 2014.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014:

Year ending June 30	
2015	$ 299,167
2016	299,167
2017	299,167
2018	299,167
2019	207,947
Total minimum lease payments	1,404,615
Less amount representing interest	95,894
Present value of future minimum lease payments	$ 1,308,721

The County has issued $14,980,000 of Association of County Commissioners of Georgia Leasing Program Certificates of Participation, Series 2012 for the purpose of renovating and expanding the Effingham County Sheriff's office and jail. The lease will be paid with Special Local Option Sales Tax Proceeds.

The certificates of participation have interest rates ranging from two to five percent. The certificates require principal payments annually each August 15th and interest is payable semiannually on February 15th and August 15th each year.

As of June 30, 2014, annual debt service requirements for the Series 2012 Certificates of Participation are as follows:

Year ending June 30	Principal	Interest	Total
2015	$ 2,910,000	$ 399,400	$ 3,309,400
2016	2,970,000	325,750	3,295,750
2017	3,055,000	220,100	3,275,100
2018	3,180,000	79,500	3,259,500
	$ 12,115,000	$ 1,024,750	$ 13,139,750

NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2014 consisted of the following:

	Business-type Acitivities
Note payable to Georgia Environmental Finance Authority for construction of a water distribution system, payable in monthly installments of $18,141, including interest at 3.73% through February 1, 2025.	$ 1,912,798
Note payable to Georgia Environmental Finance Authority for construction of a wastewater collection/distribution system and a wastewater treatment facility, payable in monthly installments of $96,600, including interest at 3.00% through April, 2028.	13,110,766
Note payable to Georgia Environmental Finance Authority for the construction of water mains for multiple developments in the county, payable in monthly installments of $29,057, including interest at 4.20% through February 1, 2029.	3,812,634
Note payable to Georgia Environmental Finance Authority for expansion of the sewer collection system and the expansion of the reclaimed water distribution system, payable in monthly installments of $42,688, including interest at 3.00% through February 1, 2029.	6,079,354
	$ 24,915,552

As of June 30, 2014, annual debt service requirements to maturity are as follows:

Year ending June 30	Business-type Activities		
	Principal	Interest	Total
2015	$ 1,452,054	$ 785,779	$ 2,237,833
2016	1,499,724	738,109	2,237,833
2017	1,548,989	688,844	2,237,833
2018	1,599,903	637,930	2,237,833
2019	1,652,522	585,311	2,237,833
2020-2024	9,115,790	2,073,374	11,189,164
2025-2029	8,046,570	568,329	8,614,899
	$ 24,915,552	$ 6,077,676	$ 30,993,228

NOTE 10 – CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due In One Year
Capital lease payable - E-911	$ 758,586	-	$ 115,517	$ 643,069	$ 119,704
Capital lease payable - Patrol Cars	-	$ 750,000	84,348	665,652	146,497
Capital lease payable - Jail	14,980,000	-	2,865,000	12,115,000	2,910,000
Unamortized Premium	984,196	-	278,824	705,372	-
Total Capital Leases	16,722,782	750,000	3,343,689	14,129,093	3,176,201
Compensated absences payable	780,431	987,568	921,229	846,770	508,062
Landfill closure and post-closure care	1,636,217	19,664	-	1,655,881	-
Total Governmental Activities	$ 19,139,430	$ 1,757,232	$ 4,264,918	$ 16,631,744	$ 3,684,263
Business-Type Activities					
Compensated absences payable	$ 29,393	$ 33,865	$ 35,398	$ 27,860	$ 16,717
Notes payable	26,320,957	-	1,405,405	24,915,552	1,452,054
Total Business-Type Activities	$ 26,350,350	$ 33,865	$ 1,440,803	$ 24,943,412	$ 1,468,771
Component Unit					
Compensated absences payable	$ 35,701	$ 4,862	$ -	$ 40,563	$ 8,113

The compensated absences liability will be paid from the fund from which the employees' salaries are paid which is primarily the General Fund for governmental activities and the Water and Sewer Fund, the Waste Water Treatment Plant Fund, the Sanitation Fund, and the Landfill Fund for the business-type activities. The capital lease obligations will be paid from the General Fund, SPLOST capital projects fund and the E-911 fund. Notes payable will be paid from the the Water and Sewer Fund and the Wastewater Treatment Plant Fund for the business-type activities.

NOTE 11 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

The landfill has been closed for several years and no longer accepts solid waste, but 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 of $1,655,881 is based on the 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, 2014. However, the actual cost may be higher due to inflation, unexpected mitigation requirements, changes in technology, or changes in laws and regulations.

NOTE 11 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

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 12 – EMPLOYEE RETIREMENT PLANS

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 LPL Financial, 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 the 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 Position. Securities without an established market value are reported at estimated fair value.

Participant data – At January 1, 2014, the date of the most recent actuarial valuation, there were 616 participants as follows:

Active participants	340
Retirees and beneficiaries	242
Vested former employees	34
	616

Funding Policy – The Plan members are required to contribute 1% of compensation to the Plan. The County is required to contribute 3% of compensation 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, 2014 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

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

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	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Surplus) AAL	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
January 1, 2012	$ 5,070,767	$ 4,581,131	110.7%	$ (489,636)	$ 13,513,246	-3.6%
January 1, 2013	6,444,949	5,165,411	124.8%	(1,279,538)	12,971,200	-9.9%
January 1, 2014	7,775,173	5,744,722	135.3%	(2,030,451)	13,499,679	-15.0%

Schedule of Employer Contributions

Year Ended	Annual Pension Cost	Actual County Contribution	Percentage Contributed	Net Pension (Asset)/ Obligation
December 31, 2011	$ 153,354	$ 649,664	423.64%	$ (2,297,674)
December 31, 2012	177,331	553,463	312.11%	(2,673,806)
December 31, 2013	343,431	384,005	111.81%	(2,714,380)

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Derivation of annual pension cost		
Annual required contribution	$	158,859
Interest discount on net pension asset		(213,904)
Adjustment to annual required contribution*		398,476
Annual pension cost	$	343,431

*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, 2013	$	2,673,806
Annual pension income (cost)		(343,431)
Contributions		384,005
Net pension asset measured January 1, 2014	$	2,714,380

Defined Contribution Plan

The County has adopted a prototype 401(a) Defined Contribution Plan for Employees of Effingham County (the 401(a) Plan) and a prototype 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 prototype document. The Plan covers substantially all employees who meet the minimum years of service requirement. 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 cost for the 401(a) Plan and the 457 Plan for the year ended June 30, 2014 was $ 422,207. Total employee contributions to the plans for the year ended June 30, 2014 was $210,874.

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses be remitted to the state sponsored pension plan.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the state sponsored pension plan.

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

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Magistrate Court and Clerk of Superior Court to the state sponsored pension plans.

NOTE 13 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other counties in the state as part of the Association of County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management insurance program for member local governments.

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

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

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

NOTE 14 – CONTINGENCIES

Old Augusta Development Group v. Board of Commissioners - A case is pending in which the plaintiff sought damages against the County, present and former Commissioners, and County employees in the approximate amount of $8.5 million for alleged delay in the provision of water and sewer service to its property, as well as an order of mandamus requiring the County to construct water and sewer lines to its property. The claims remaining against the County following prior dismissals are for breach of contract, promissory estoppel, mandamus, and attorney's fees. As early as June 30, 2008, the County offered to provide water and sewer service on a temporary basis with alternatives such as a well and on-site wastewater treatment plant. Further, the County has made provisions to provide water and sewer to the property via an intergovernmental agreement with the City of Rincon or through use of undisbursed loan funds available through Georgia Environmental Finance Authority of Georgia. The County is vigorously defending these claims, and has asserted numerous grounds for complete dismissal. The County has also filed a motion for summary judgment, which is pending. As of October, 2014, this matter is in mediation. At this time, there is no reasonable estimate of potential costs to the County.

The County is a defendant in other various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County attorney, the resolution of these matters probably will not have a material adverse effect on the financial condition of the County.

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

NOTE 14 – CONTINGENCIES (Continued)

$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 two mills (but not less than the millage necessary, up to the applicable maximum mil limit prescribed by the Georgia Hospital Authorities law). In the event this rate does not generate adequate funding, the County must fund the deficit from other sources. The agreement prescribes the Hospital to have a first priority lien on any and all revenues realized by the County under and pursuant to the annual tax levied.

NOTE 15 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (RC) and is required to pay annual dues thereto. During its year ended June 30, 2014, the County paid $38,878 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Coastal Regional Commission of Georgia
118 Coastal Drive SW
Darien, Georgia 31305

NOTE 16 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2014 follows:

		Percentage of tax receipts
Lodging tax receipts	$ 9,602	
Disbursements to the:		
Effingham County Chamber of Commerce	(7,682)	80%
County for adminstrative costs	(1,920)	20%
Total	$ -	

All expenditures were for promotion of tourism as required by O.C.G.A. 48-13-41.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2014, the date that the financial statements were available to issue. No subsequent events were noted.

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 52,387	$ 2,378,908	$ 2,431,295
Receivables:			
Accounts	-	169,504	169,504
Interfund	-	24,870	24,870
Prepaid items	-	42,650	42,650
TOTAL ASSETS	$ 52,387	$ 2,615,932	$ 2,668,319
LIABILITIES			
Accounts payable	$ -	$ 60,396	$ 60,396
Accrued liabilities	-	49,666	49,666
Interfund payable	-	4,219	4,219
TOTAL LIABILITIES	-	114,281	114,281
FUND BALANCES			
Nonspendable			
Prepaid items	-	42,650	42,650
Restricted			
Public safety	-	1,260,004	1,260,004
Public works, public safety, and recreation	-	906,307	906,307
Housing and development	-	219,728	219,728
Health and welfare	-	42,085	42,085
Judicial	-	30,877	30,877
Debt service	52,387	-	52,387
TOTAL FUND BALANCES	52,387	2,501,651	2,554,038
TOTAL LIABILITIES AND FUND BALANCES	$ 52,387	$ 2,615,932	$ 2,668,319

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	$ 9,602	$ 9,602
Licenses and permits	-	427,937	427,937
Charges for services	-	2,501,469	2,501,469
Fines and forfeitures	-	143,509	143,509
Investment earnings	$ 6	626	632
Other	-	12,041	12,041
Total revenues	6	3,095,184	3,095,190
EXPENDITURES			
Current:			
Public safety	-	3,349,271	3,349,271
Public works	-	71,777	71,777
Health and welfare	-	88,435	88,435
Housing and development	-	366,830	366,830
Debt service:			
Principal	2,865,000	115,517	2,980,517
Interest	457,186	27,274	484,460
Debt issuance costs	-	2,500	2,500
Total expenditures	3,322,186	4,021,604	7,343,790
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,322,180)	(926,420)	(4,248,600)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,374,567	1,302,895	4,677,462
Transfers out	-	(40,350)	(40,350)
Total other financing sources (uses)	3,374,567	1,262,545	4,637,112
NET CHANGE IN FUND BALANCES	52,387	336,125	388,512
FUND BALANCES, JULY 1, 2013	-	2,165,526	2,165,526
FUND BALANCES, JUNE 30, 2014	$ 52,387	$ 2,501,651	$ 2,554,038

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Education	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
ASSETS								
Cash	$ 39,593	$ 13,682	$ 128,093	$ 5,544	$ 910,444	$ 17,460	$ 94	$ 334,736
Receivables:								
Accounts	-	341	-	-	-	-	-	157,418
Interfund	-	236	-	-	-	-	-	111
Prepaid items	-	-	27,542	-	-	-	-	3,539
TOTAL ASSETS	$ 39,593	$ 14,259	$ 155,635	$ 5,544	$ 910,444	$ 17,460	$ 94	$ 495,804
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	-	$ 17,593	$ 5,272	$ 4,137	$ -	$ -	$ 6,228
Accrued payroll	-	$ 280	-	-	-	-	-	14,393
Interfund payable	-	-	-	-	-	-	-	4,219
Total liabilities	-	280	17,593	5,272	4,137	-	-	24,840
Fund balances:								
Nonspendable:								
Prepaid items	-	-	27,542	-	-	-	-	3,539
Restricted:								
Public safety	39,593	13,979	110,500	272	-	17,460	94	467,425
Public works, public safety, and recreation	-	-	-	-	906,307	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	39,593	13,979	138,042	272	906,307	17,460	94	470,964
TOTAL LIABILITIES AND FUND BALANCES	$ 39,593	$ 14,259	$ 155,635	$ 5,544	$ 910,444	$ 17,460	$ 94	$ 495,804

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
ASSETS								
Cash	$ -	$ 30,877	$ 557,634	$ 66,685	$ 227,334	$ 44,114	$ 2,618	$ 2,378,908
Receivables:								
Accounts	-	-	1,325	9,380	-	-	1,040	169,504
Interfund	4,219	-	-	18,028	1,905	371	-	24,870
Prepaid items	-	-	-	11,569	-	-	-	42,650
TOTAL ASSETS	$ 4,219	$ 30,877	$ 558,959	$ 105,662	$ 229,239	$ 44,485	$ 3,658	$ 2,615,932
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ 21,208	$ 3,731	$ 489	$ 1,738	$ 60,396
Accrued payroll	-	-	-	25,382	7,700	1,911	-	49,666
Interfund payable	-	-	-	-	-	-	-	4,219
Total liabilities	-	-	-	46,590	11,431	2,400	1,738	114,281
Fund balances:								
Nonspendable:								
Prepaid items	-	-	-	11,569	-	-	-	42,650
Restricted:								
Public safety	4,219	-	558,959	47,503	-	-	-	1,260,004
Public works, public safety, and recreation	-	-	-	-	-	-	-	906,307
Housing and development	-	-	-	-	217,808	-	1,920	219,728
Health and welfare	-	-	-	-	-	42,085	-	42,085
Judicial	-	30,877	-	-	-	-	-	30,877
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	4,219	30,877	558,959	59,072	217,808	42,085	1,920	2,501,651
TOTAL LIABILITIES AND FUND BALANCES	$ 4,219	$ 30,877	$ 558,959	$ 105,662	$ 229,239	$ 44,485	$ 3,658	$ 2,615,932

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Education	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
REVENUES								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	$ 113,980	$ 92,468	-	-	-	$ 971,911
Fine and forfeitures	-	$ 31,606	2,245	-	-	$ 15,490	$ 24,406	-
Investment earnings	$ 11	1	-	13	$ 266	1	1	35
Other	-	-	11,011	-	-	-	-	-
Total revenues	11	31,607	127,236	92,481	266	15,491	24,407	971,946
EXPENDITURES								
Current:								
Public safety	-	35,804	124,454	93,832	-	-	-	943,427
Public works	-	-	-	-	71,777	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	115,517
Interest	-	-	-	-	-	-	-	27,274
Debt issuance costs	-	-	-	-	-	-	-	-
Total expenditures	-	35,804	124,454	93,832	71,777	-	-	1,086,218
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11	(4,197)	2,782	(1,351)	(71,511)	15,491	24,407	(114,272)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	24,406	-	-	-	-	288,489
Transfers out	-	-	-	(15,944)	-	-	(24,406)	-
Total other financing sources (uses)	-	-	24,406	(15,944)	-	-	(24,406)	288,489
NET CHANGE IN FUND BALANCES	11	(4,197)	27,188	(17,295)	(71,511)	15,491	1	174,217
FUND BALANCES, BEGINNING OF YEAR	39,582	18,176	110,854	17,567	977,818	1,969	93	296,747
FUND BALANCES, END OF YEAR	$ 39,593	$ 13,979	$ 138,042	$ 272	$ 906,307	$ 17,460	$ 94	$ 470,964

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
REVENUES								
Taxes	$ -	-	-	-	-	-	$ 9,602	$ 9,602
Licenses and permits	-	-	-	-	$ 427,937	-	-	427,937
Charges for services	-	-	-	$ 1,314,988	3,520	$ 4,602	-	2,501,469
Fine and forfeitures	-	$ 5,030	$ 64,732	-	-	-	-	143,509
Investment earnings	-	8	47	-	236	7	-	626
Other	-	-	-	1,000	30	-	-	12,041
Total revenues	-	5,038	64,779	1,315,988	431,723	4,609	9,602	3,095,184
EXPENDITURES								
Current:								
Public safety	-	-	-	2,151,754	-	-	-	3,349,271
Public works	-	-	-	-	-	-	-	71,777
Housing and development	-	-	-	-	359,148	-	7,682	366,830
Health and welfare	-	-	-	-	-	88,435	-	88,435
Debt service:								-
Principal	-	-	-	-	-	-	-	115,517
Interest	-	-	-	-	-	-	-	27,274
Debt issuance costs	-	-	2,500	-	-	-	-	2,500
Total expenditures	-	-	2,500	2,151,754	359,148	88,435	7,682	4,021,604
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	5,038	62,279	(835,766)	72,575	(83,826)	1,920	(926,420)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	900,000	-	90,000	-	1,302,895
Transfers out	-	-	-	-	-	-	-	(40,350)
Total other financing sources (uses)	-	-	-	900,000	-	90,000	-	1,262,545
NET CHANGE IN FUND BALANCES	-	5,038	62,279	64,234	72,575	6,174	1,920	336,125
FUND BALANCES, BEGINNING OF YEAR	4,219	25,839	496,680	(5,162)	145,233	35,911	-	2,165,526
FUND BALANCES, END OF YEAR	$ 4,219	$ 30,877	$ 558,959	$ 59,072	$ 217,808	$ 42,085	$ 1,920	$ 2,501,651

EFFINGHAM COUNTY, GEORGIA
EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 11	$ 11
FUND BALANCES, BEGINNING OF YEAR	39,582	39,582	-
FUND BALANCES, END OF YEAR	$ 39,582	$ 39,593	$ 11

EFFINGHAM COUNTY, GEORGIA
DRUG ABUSE & TREATMENT EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 20,485	$ 20,485	$ 31,606	$ 11,121
Investment earnings	-	44	1	(43)
Total revenues	20,485	20,529	31,607	11,078
EXPENDITURES				
Public safety	54,331	54,331	35,804	18,527
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,846)	(33,802)	(4,197)	29,605
FUND BALANCES, BEGINNING OF YEAR	18,176	18,176	18,176	-
FUND BALANCES, END OF YEAR	$ (15,670)	$ (15,626)	$ 13,979	$ 29,605

EFFINGHAM COUNTY, GEORGIA
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ -	$250,000	$ 113,980	$(136,020)
Fines and forfeitures	-	-	2,245	2,245
Other	-	-	11,011	11,011
Total revenues	-	250,000	127,236	(122,764)
EXPENDITURES				
Public safety	-	250,000	124,454	125,546
EXCESS OF REVENUES OVER EXPENDITURES	-	-	2,782	2,782
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	24,406	24,406
NET CHANGE IN FUND BALANCE	-	-	27,188	27,188
FUND BALANCES, BEGINNING OF YEAR	110,854	110,854	110,854	-
FUND BALANCES, END OF YEAR	$110,854	$110,854	$ 138,042	$ 27,188

EFFINGHAM COUNTY, GEORGIA
PRISON FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ -	$ 115,000	$ 92,468	$ (22,532)
Investment earnings	-	-	13	13
Total revenues	-	115,000	92,481	(22,519)
EXPENDITURES				
Public safety	-	115,000	93,832	21,168
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(1,351)	(1,351)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(15,944)	(15,944)
NET CHANGE IN FUND BALANCE	-	-	(17,295)	(17,295)
FUND BALANCES, BEGINNING OF YEAR	17,567	17,567	17,567	-
FUND BALANCES, END OF YEAR	$ 17,567	$ 17,567	$ 272	$ (17,295)

EFFINGHAM COUNTY, GEORGIA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 266	$ 266
EXPENDITURES				
Road projects	-	150,000	71,777	78,223
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(150,000)	(71,511)	78,489
FUND BALANCES, BEGINNING OF YEAR	977,818	977,818	977,818	-
FUND BALANCES, END OF YEAR	$ 977,818	$ 827,818	$ 906,307	$ 78,489

EFFINGHAM COUNTY, GEORGIA
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	$ 15,490	$ (34,510)
Investment earnings	-	1	1
Total revenues	50,000	15,491	(34,509)
EXPENDITURES			
Public safety	50,000	-	50,000
EXCESS OF REVENUES OVER EXPENDITURES	-	15,491	15,491
FUND BALANCES, BEGINNING OF YEAR	1,969	1,969	-
FUND BALANCES, END OF YEAR	$ 1,969	$ 17,460	$ 15,491

EFFINGHAM COUNTY, GEORGIA
STATE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	$ 24,406	$ (25,594)
Investment earnings	-	1	1
Total revenues	50,000	24,407	(25,593)
EXPENDITURES			
Public safety	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50,000	24,407	(25,593)
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,000)	(24,406)	25,594
NET CHANGE IN FUND BALANCES	-	1	1
FUND BALANCES, BEGINNING OF YEAR	93	93	-
FUND BALANCES, END OF YEAR	$ 93	$ 94	$ 1

EFFINGHAM COUNTY, GEORGIA
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 804,887	$ 971,911	$ 167,024
Investment earnings	-	35	35
Total revenues	804,887	971,946	167,059
EXPENDITURES			
Current			
Public safety	949,876	943,427	6,449
Debt service			
Principal	116,000	115,517	483
Interest	27,500	27,274	226
Total expenditures	1,093,376	1,086,218	7,158
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(288,489)	(114,272)	174,217
OTHER FINANCING SOURCES (USES)			
Transfers in	288,489	288,489	-
NET CHANGE IN FUND BALANCE	-	174,217	174,217
FUND BALANCES, BEGINNING OF YEAR	296,747	296,747	-
FUND BALANCES, END OF YEAR	$ 296,747	$ 470,964	$ 174,217

EFFINGHAM COUNTY, GEORGIA
WIRELESS E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	-	-	-
FUND BALANCES, BEGINNING OF YEAR	$ 4,219	$ 4,219	-
FUND BALANCES, END OF YEAR	$ 4,219	$ 4,219	-

EFFINGHAM COUNTY, GEORGIA
JUVENILE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ -	$ 5,030	$ 5,030
Investment earnings	-	8	8
Total revenues	-	5,038	5,038
FUND BALANCES, BEGINNING OF YEAR	$ 25,839	25,839	-
FUND BALANCES, END OF YEAR	$ 25,839	$ 30,877	$ 5,038

EFFINGHAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	-	$ 10,000	$ 64,732	$ 54,732
Investment earnings	-	-	47	47
Total revenues	-	10,000	64,779	54,779
EXPENDITURES				
Debt service - Debt issuance costs	-	10,000	2,500	7,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	62,279	62,279
FUND BALANCES, BEGINNING OF YEAR	$ 496,680	496,680	496,680	-
FUND BALANCES, END OF YEAR	$ 496,680	$ 496,680	$ 558,959	$ 62,279

EFFINGHAM COUNTY, GEORGIA
FIRE TAXING DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 881,500	$ 1,314,988	$ 433,488
Other	375,000	1,000	(374,000)
Total revenues	1,256,500	1,315,988	59,488
EXPENDITURES			
Public safety	2,310,295	2,151,754	158,541
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,053,795)	(835,766)	218,029
OTHER FINANCING SOURCES (USES)			
Transfers in	1,053,795	900,000	(153,795)
NET CHANGE IN FUND BALANCE	-	64,234	64,234
FUND BALANCES, BEGINNING OF YEAR	(5,162)	(5,162)	-
FUND BALANCES, END OF YEAR	$ (5,162)	$ 59,072	$ 64,234

EFFINGHAM COUNTY, GEORGIA
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses and permits	$ 167,211	$ 167,093	$ 427,937	$ 260,844
Charges for services	-	-	3,520	3,520
Investment earnings	-	118	236	118
Other		-	30	30
Total revenues	167,211	167,211	431,723	264,512
EXPENDITURES				
Housing and development	389,126	389,126	359,148	29,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(221,915)	(221,915)	72,575	294,490
OTHER FINANCING SOURCES				
Transfers in	221,915	221,915	-	(221,915)
NET CHANGE IN FUND BALANCE	-	-	72,575	72,575
FUND BALANCES, BEGINNING OF YEAR	145,233	145,233	145,233	-
FUND BALANCES, END OF YEAR	$ 145,233	$ 145,233	$ 217,808	$ 72,575

EFFINGHAM COUNTY, GEORGIA
SENIOR CITIZENS ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ -	$ 4,602	$ 4,602
Investment earnings	-	7	7
Total revenues	-	4,609	4,609
EXPENDITURES			
Health and welfare	107,187	88,435	18,752
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(107,187)	(83,826)	23,361
OTHER FINANCING SOURCES			
Transfers in	107,187	90,000	(17,187)
NET CHANGE IN FUND BALANCE	-	6,174	6,174
FUND BALANCES, BEGINNING OF YEAR	35,911	35,911	-
FUND BALANCES, END OF YEAR	$ 35,911	$ 42,085	$ 6,174

EFFINGHAM COUNTY, GEORGIA
HOTEL MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 15,000	$ 9,602	$ (5,398)
EXPENDITURES			
Housing and development	15,000	7,682	7,318
EXCESS REVENUES UNDER EXPENDITURES	-	1,920	1,920
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	$ -	$ 1,920	$ 1,920

EFFINGHAM COUNTY, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 6	$ 6
EXPENDITURES				
Debt service:				
Principal	-	2,865,000	2,865,000	-
Interest	-	242,900	457,186	(214,286)
Total expenditures	-	3,107,900	3,322,186	(214,286)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(3,107,900)	(3,322,180)	(214,280)
OTHER FINANCING SOURCES				
Transfers in	-	3,107,900	3,374,567	266,667
NET CHANGE IN FUND BALANCE	-	-	52,387	52,387
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	$ -	$ -	$ 52,387	$ 52,387

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2014

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 103,506	$ 103,506
Receivables:				
Accounts	-	-	630	630
Interfund	-	-	3,150	3,150
Total Assets	-	-	107,286	107,286
LIABILITIES				
Current liabilities:				
Accounts payable	4,194	-	10,909	15,103
Accrued payroll	-	-	2,315	2,315
Unearned revenue	42,000	52,500	-	94,500
Compensated absences payable	-	-	4,773	4,773
Total current liabilities	46,194	52,500	17,997	116,691
Long-Term liabilities:				
Compensated absences payable (net of current portion)	-	-	3,182	3,182
Total Liabilities	46,194	52,500	21,179	119,873
NET POSITION				
Unrestricted	$ (46,194)	$ (52,500)	$ 86,107	$ (12,587)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 123,266	$ 123,266
OPERATING EXPENSES				
Salaries and employee benefits	-	-	104,441	104,441
Purchased services	-	-	96,271	96,271
Materials and supplies	-	-	14,655	14,655
Total operating expenses	-	-	215,367	215,367
OPERATING LOSS	-	-	(92,101)	(92,101)
NON-OPERATING REVENUES (EXPENSES)				
Impact fees	10,000	7,800	-	17,800
ERU charges	(4,500)	-	-	(4,500)
Investment earnings	6	11	3	20
Total non-operating revenues (expenses)	5,506	7,811	3	13,320
INCOME (LOSS) BEFORE TRANSFERS	5,506	7,811	(92,098)	(78,781)
TRANSFERS IN (OUT)	(3,515)	(145,205)	187,145	38,425
CHANGE IN NET POSITION	1,991	(137,394)	95,047	(40,356)
NET POSITION, BEGINNING OF YEAR	(48,185)	84,894	(8,940)	27,769
NET POSITION, END OF YEAR	$ (46,194)	$ (52,500)	$ 86,107	$ (12,587)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	-	-	$ 125,697	$ 125,697
Cash payments to employees for services	-	-	(103,964)	(103,964)
Cash payments for goods and services	$ (26,800)	$ (20,000)	(120,539)	(167,339)
Net cash used by operating activities	(26,800)	(20,000)	(98,806)	(145,606)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers	-	-	187,145	187,145
Advances from (to) other funds	-	29,056	(4,626)	24,430
Net cash provided (used) by noncapital and related financing activities	-	29,056	182,519	211,575
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Impact fees	10,000	7,800	-	17,800
ERU charges	(4,500)	-	-	(4,500)
Interfund transfers	(3,515)	(145,205)	-	(148,720)
Net cash provided (used) by capital and related financing activities	1,985	(137,405)	-	(135,420)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	6	11	3	20
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,809)	(128,338)	83,716	(69,431)
CASH AND CASH EQUIVALENTS, JULY 1, 2013	24,809	128,338	19,790	172,937
CASH AND CASH EQUIVALENTS, JUNE 30, 2014	$ -	$ -	$ 103,506	$ 103,506
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	-	-	$ (92,101)	$ (92,101)
Adjustments:				
(Increase) decrease in operating assets				
Accounts receivable	-	-	2,431	2,431
Increase (decrease) in operating liabilities				
Accounts payable	$ (24,800)	$ (17,500)	(9,613)	(51,913)
Accrued payroll	-	-	158	158
Compensated absences payable	-	-	319	319
Unearned revenue	(2,000)	(2,500)	-	(4,500)
Net cash used by operating activities	$ (26,800)	$ (20,000)	$ (98,806)	$ (145,606)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Probation	Total
ASSETS							
Cash	$ 1,051,027	$ 54,173	$ 171,919	$ 6,902	$ 166,915	$ 43,194	$ 1,494,130
LIABILITIES							
Due to other entities and individuals	$ 1,051,027	$ 54,173	$ 171,919	$ 6,902	$ 166,915	$ 43,194	$ 1,494,130

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Tax Commissioner				
Assets				
Cash	$ 1,005,354	$ 63,804,015	$ 63,758,342	$ 1,051,027
Liabilities				
Due to other entities and individuals	$ 1,005,354	$ 63,804,015	$ 63,758,342	$ 1,051,027
Probate Court				
Assets				
Cash	$ 159,953	$ 321,585	$ 427,365	$ 54,173
Liabilities				
Due to other entities and individuals	$ 159,953	$ 321,585	$ 427,365	$ 54,173
Clerk of Courts				
Assets				
Cash	$ 177,676	$ 2,281,761	$ 2,287,518	$ 171,919
Liabilities				
Due to other entities and individuals	$ 177,676	$ 2,281,761	$ 2,287,518	$ 171,919
Magistrate Court				
Assets				
Cash	$ 20,807	$ 321,533	$ 335,438	$ 6,902
Liabilities				
Due to other entities and individuals	$ 20,807	$ 321,533	$ 335,438	$ 6,902
Sheriff				
Assets				
Cash	$ 131,660	$ 167,670	$ 132,415	$ 166,915
Liabilities				
Due to other entities and individuals	$ 131,660	$ 167,670	$ 132,415	$ 166,915
Probation				
Assets				
Cash	$ 27,941	$ 215,421	$ 200,168	$ 43,194
Liabilities				
Due to other entities and individuals	$ 27,941	$ 215,421	$ 200,168	$ 43,194
Total Agency Funds				
Assets				
Cash	$ 1,523,391	$ 67,111,985	$ 67,141,246	$ 1,494,130
Liabilities				
Due to other entities and individuals	$ 1,523,391	$ 67,111,985	$ 67,141,246	$ 1,494,130

EFFINGHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2006 SPLOST						
Public buildings	$ 8,000,000	$ 8,000,000	$ 6,852,584	$ 325,155	$ 7,177,739	90%
Roads, streets and bridges	16,225,000	16,225,000	13,610,425	1,119,151	14,729,576	91%
Drainage projects	5,000,000	5,000,000	226,721	-	226,721	5%
Recreation projects	4,300,000	4,300,000	815,935	-	815,935	19%
Vehicles and equipment	3,000,000	3,000,000	1,014,398	-	1,014,398	34%
Technology projects	1,000,000	1,000,000	1,000,000	-	1,000,000	100%
Water and sewer	3,000,000	3,002,164	3,002,164	-	3,002,164	100%
Intergovernmental:						
City of Rincon	5,830,000	4,504,301	4,504,301	-	4,504,301	100%
City of Springfield	2,425,000	1,873,574	1,873,574	-	1,873,574	100%
City of Guyton	1,220,000	942,582	942,582	-	942,582	100%
	$50,000,000	$47,847,621	$33,842,684	1,444,306	$35,286,990	73.7%
Roads projects funded by Department of Transportation grants				1,048,186		
2006 SPLOST total expenditures				$ 2,492,492		
2012 SPLOST						
County jail	$16,000,000	$16,000,000	$ -	$ 3,160,317	$ 3,160,317	20%
Public buildings	2,692,000	2,692,000	-	5,427	5,427	0%
Roads, streets and bridges	32,500,000	32,500,000	158,870	1,825,679	1,984,549	6%
Drainage projects	1,100,000	1,100,000	181,321	165,101	346,422	31%
Recreation projects	4,000,000	4,000,000	-	-	-	0%
Vehicles and equipment	2,875,000	2,875,000	-	176,986	176,986	6%
Technology projects	600,000	600,000	-	31,342	31,342	5%
Intergovernmental:						
City of Rincon	6,296,400	6,296,400	734,457	769,798	1,504,255	24%
City of Springfield	2,619,000	2,619,000	237,166	248,557	485,723	19%
City of Guyton	1,317,600	1,317,600	139,859	146,585	286,444	22%
	$70,000,000	$70,000,000	$ 1,451,673	6,529,792	$ 7,981,465	11.4%
Jail project funded by Certificates of Participation				11,382,593		
2012 SPLOST total expenditures				$ 17,912,385		

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

To the Board of Commissioners
Effingham County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Effingham County's basic financial statements, and have issued our report thereon dated November 14, 2014. Our report includes a reference to other auditors who 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during out audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies.

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*.

Effingham County, Georgia's Response to Findings

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

Purpose of this Report

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

Thigpen, Lanier, Waterfield & Dal

Statesboro, Georgia
November 14, 2014

2014-1 Unrecorded property and equipment

Condition: During our review of board minutes, we noted property the County took possession of during the year that included land and a water and sewer system that were not recorded in the financial records or provided in a supplementary schedule of asset additions.

Criteria: All property and equipment owned by the County should be included in the County's financial records.

Cause: The board minutes were not reviewed by County finance staff for unrecorded transactions.

Effect: Property additions were not included in the financial records of the County.

Auditor's Recommendation: We recommend the finance director review board minutes prior to closing the year to ensure that all relevant transactions have been recorded.

Management Response: Prior to the date of this finding, Effingham County has had a process in place to determine and record infrastructure accepted by the Board of Commissioners. These recordings include roads and other accepted or donated property. In the past the compilation listings and values have been coordinated with the Clerk, the Finance Director, and the Road Director. This listing is generally constructed at year end from the minutes and other various sources of information. To ensure we capture the recording of all property we will begin to address this quarterly, place the documents regarding such property in a separate file on the public share drive in order to provide a cross check, and at the end of each fiscal year do an additional review for the entire year.

2014-2 Unrecorded retainage

Condition: We noted a $110,000 retainage payable at June 30, 2014 that was not recorded in the SPLOST fund during our review of construction contracts.

Criteria: Internal controls should ensure that material misstatements to the financial statements are detected and corrected in a timely and efficient manner and all retainage payable should be recorded at year-end.

Cause: The retainage was overlooked during the finance department's review of contracts for liabilities existing at June 30, 2014.

Effect: Liabilities and expenditures in the SPLOST fund were understated by $110,000.

Auditor's Recommendation: We recommend that construction contracts be reviewed for unrecorded retainage prior to closing each fiscal year.

Management Response: Written monthly and fiscal year end closing processes have been established and used for numerous years. This process begins with a preliminary checklist of items including the recording of retainage on construction contracts. While the contractor payable was recorded, the retainage amount was not. A copy of all existing construction contracts with the actual recorded entry will be placed in our year-end workpapers to better identify each contract and ensure each liability has been recorded. We believe that this additional monitoring will help to identify any issues.

2014-3 Miscoded transactions – Sheriff's Special Funds

Condition: During our audit, we noted capital outlays in the Sheriff's special funds were not segregated from current operating expenses, and prepaid expenses for software not installed and in use were not recorded as assets. These are not accounts that are in the custody of the finance department.

Criteria: Capital outlay and prepaid expenses should be segregated and properly recorded in the County's financial records.

Cause: These accounts are not in the custody of the finance department, and they did not have adequate knowledge of the activity to properly record the transactions.

Effect: General fixed assets were understated and prepaid expenses were not recorded in the financial statements.

Auditor's Recommendation: We recommend that the finance department review the QuickBooks activity and bank statements for the Sheriff's special funds to ensure that all disbursements are properly recorded in the financial statements.

Management Response: Management concurs with establishing the protocol. We will work with the Sheriff's office to review the QuickBooks activity and bank statements to help ensure all disbursements are properly recorded.