EFFINGHAM COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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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, 2015, 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 .9%, 1.2%, and 2.0%, 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 .9%, 1.2%, and 2.0% 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, 2015, 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.

Change in Accounting Principle

As described in Note 1F to the financial statements, in fiscal year 2015, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and other required supplementary information, as listed in the table of contents, 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 December 8, 2015, 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 & Deal

Statesboro, GA
December 8, 2015

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, 2015. 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 $109,035,098 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $75,059,697 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 $21,763,494 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $12,211,907 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 $35,355,136 this year. This compares to the prior year ending fund balance of $35,891,567 showing a decrease of $536,431 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 $1,680,719.
  (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 $6,238,506 or 23% of total General Fund expenditures for fiscal year end June 2015.

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 57.

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 $109,035,098. The following table provides a summary of the County's net position:

Summary of Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current Assets	38.4	40.8	3.8	2.6	42.2	43.3
Net Pension Asset	1.1	2.7	-	-	1.1	2.7
Capital Assets	74.9	72.7	33.9	34.7	108.8	107.4
Total Assets	114.4	116.2	37.7	37.3	152.1	153.4
Deferred Outflows of Resources	.3	-	-	-	.3	-
Liabilities						
Current Liabilities	6.0	7.6	5.9	5.8	12.0	13.4
Long- Term Liabilities	9.5	12.9	22.0	23.5	31.4	36.4
Total Liabilities	15.5	20.5	27.9	29.3	43.4	49.8
Net Position						
Net Investment in Capital Assets	64.6	60.7	10.4	9.8	75.1	70.5
Restricted	21.7	21.2	0.0	0.0	21.7	21.2
Unrestricted	12.9	13.7	-0.6	-1.8	12.2	11.9
Total Net Position	99.2	95.6	9.8	8.0	109.0	103.6

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 6 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $3,621,149 for governmental activities and increased by $1,783,368 for business-type activities. Note that approximately 65.1% 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 -600 thousand of unrestricted, undesignated and 10.4 million invested in capital assets with total net position of 9.8 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

	2015				2014			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	$ 7,447,354	$ 6,699,310	$ 14,146,664	27%	$ 7,145,633	$ 5,999,108	$ 13,144,741	27%
Operating grants	2,178,970	-	2,178,970	4%	2,045,928	-	2,045,928	4%
Capital grants	2,676,156	-	2,676,156	5%	1,066,850	17,800	1,084,650	2%
General:								
Taxes	32,310,230	-	32,310,230	62%	32,637,924	-	32,637,924	66%
Other	1,035,785	4,550	1,040,335	2%	611,859	304	612,163	1%
Total revenues	45,648,495	6,703,860	52,352,355	100%	43,508,194	6,017,212	49,525,406	100%
Program Expenses:								
General government	5,371,497	-	5,371,497	12%	5,553,998	-	5,553,998	12%
Judicial	2,625,928	-	2,625,928	6%	2,618,719	-	2,618,719	6%
Public safety	19,798,613	-	19,798,613	44%	18,196,866	-	18,196,866	39%
Public works	5,458,578	-	5,458,578	12%	9,985,452	-	9,985,452	21%
Health and welfare	1,347,815	-	1,347,815	3%	803,116	-	803,116	2%
Culture and recreation	1,908,596	-	1,908,596	4%	1,810,618	-	1,810,618	4%
Housing and development	670,247	-	670,247	1%	699,604	-	699,604	1%
Interest	148,643	-	148,643	0%	203,308	-	203,308	0%
Water	-	3,052,317	3,052,317	7%	-	2,503,797	2,503,797	5%
Wastewater treatment	-	1,424,400	1,424,400	3%	-	1,522,030	1,522,030	3%
Sanitation	-	3,048,433	3,048,433	7%	-	2,990,004	2,990,004	6%
Other	-	215,792	215,792	0%	-	219,867	219,867	0%
Total expenses	37,329,917	7,740,942	45,070,859	100%	39,871,681	7,235,698	47,107,379	100%
Excess	8,318,578	(1,037,082)	7,281,496		3,636,513	(1,218,486)	2,418,027	
Transfers	(2,793,427)	2,793,427	-		(1,837,145)	1,837,145	-	
Special Item - Legal Settlement	(325,000)	-	(325,000)		-	-	-	
Change in net position	5,200,151	1,756,345	6,956,496		1,799,368	618,659	2,418,027	
Beginning net position	95,630,705	7,999,876	103,630,581		93,831,337	7,381,217	101,212,554	
Prior period adjustment	(1,579,002)	27,023	(1,551,979)		-	-	-	
Ending net position	$ 99,251,854	$ 9,783,244	$ 109,035,098		$ 95,630,705	$ 7,999,876	$ 103,630,581	

See page 37 of Effingham County FY 2015 Financial Statements
for prior period adjustment detail for FY 2014 GASB 68 Pension implementation

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2015, property taxes provided 35.1% of the County's governmental revenues and sales taxes provided 30.1% of the County's governmental revenues. Charges for services and other program revenues cover only 33.0% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 67.0% 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 53.04% (45.65% in 2014) of the County's total governmental expenses. The public works function makes up 14.62% (25.05% in 2014) 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	$ 5,371,497	$ 4,222,817
Judicial	2,625,928	2,438,782
Public safety	19,798,613	12,515,696
Public works	5,458,578	2,782,422
Health and welfare	1,347,815	1,085,656
Culture and recreation	1,908,596	1,622,508
Housing and development	670,247	210,913
Interest on long-term debt	148,643	148,643
Total	$ 37,329,917	$ 25,027,437

Business-Type Activities

The County is in its twelfth year of the development of its water and sewer operations. The operating revenues for water, sewer, and wastewater in 2015 were $3,345,940 and $2,658,952 for 2014. Operating expenses for 2015 were $3,694,763 and $3,210,376 for 2014. An operating loss of $348,823 was incurred for 2015 and for 2014 the operating loss was $551,424.

The operating revenues for the sanitation fund were $3,216,875 for 2015 and $3,216,890 for 2014. This activity resulted in operating income of $168,442.

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 $35,355,136. Of this year-end total, $6,238,506 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: $10,220,547 committed to approved SPLOST projects from sales tax and $628,407 in LMIG projects, and $1,594,985 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 $536,431 or 1.49% 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 $657,911 from the prior year. This was due primarily to an excess of revenues over expenditures and transfers.

Property tax revenues have decreased slightly from the prior year collections.. The digest increased from $1,531,278,991 to $1,552,625,857. In 2015, the millage rate was 8.422 mils. The General Fund's ending fund balance is considered to be in a strong position, representing the equivalent of 49.08% 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 $26.8 million, slightly down from the prior year. Major grouping of expenditures showed:

General fund general government costs increased from $4,360,764 in 2014 to $4,370,439 in 2015.

General fund public safety costs increased from $14,316,454 in 2014 to $14,343,030 in 2015.

General fund public works costs decreased from $2,122,013 in 2014 to $2,059,796 in 2015.

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 $876,981 primarily related to property taxes, sales taxes, and other taxes. The actual revenue from charges and services was $35,632 above the final budget. Property taxes were $183,682 below the final budgeted revenue. For investment earnings, the revenue was below budget by $9,856.

Expenditures - The expenditure side of the original budget for the General Fund was revised upward for various items including $530,000 for payment to the Effingham County Hospital Authority and a $325,000 legal settlement. Final expenditures before the legal settlement were at $26,781,302, which was $389,445 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, 2015, was $74,931,137 and $33,881,005 respectively. The total net increase in this net investment was $2,243,474 for governmental activities, and a $865,685 decrease for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $7,384,770. Depreciation for governmental activities was $5,140,744. Business-type assets depreciation was $1,168,131.

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	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land and land rights	$ 6,264,326	$ 4,997,353	$ 1,386,918	$ 1,386,918	$ 7,651,244	$ 6,384,271
Construction in progress	3,160,055	28,849,016	407,129	407,129	3,567,184	29,256,145
Total non-depreciable assets	9,424,381	33,846,369	1,794,047	1,794,047	11,218,428	35,640,416
Depreciable assets:						
Buildings	53,844,191	37,239,480	16,842,312	16,842,312	70,686,503	54,081,792
Other equipment	25,848,407	25,495,377	2,600,067	2,553,801	28,448,474	28,049,178
Infrastructure	113,948,382	99,590,599	22,582,394	22,326,214	136,530,776	121,916,813
Total depreciable assets	193,640,980	162,325,456	42,024,773	41,722,327	235,665,753	204,047,783
Less accumulated depreciation	128,134,224	123,484,162	9,937,815	8,769,684	138,072,039	132,253,846
Book value - depreciable assets	65,506,756	38,841,294	32,086,958	32,952,643	97,593,714	71,793,937
Remaining to depreciate	34%	24%	76%	79%	41%	35%
Book value - all assets	$ 74,931,137	$ 72,687,663	$ 33,881,005	$ 34,746,690	$ 108,812,142	$ 107,434,353

At June 30, 2015, the depreciable capital assets for governmental activities had 34% 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 $10,692,825 and notes payable within the Business-type activities of $23,463,547.

During the year, the County retired $119,705 of the E-911 capital lease and $146,497 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 2015 $2,910,000 was retired.

	Governmental Activities		Percentage
	2015	2014	Change
Capital leases	$ 10,692,825	$ 14,129,093	-24%
Landfill closure and postclosure care	1,680,719	1,655,881	1%
Compensated absences	856,865	846,770	1%
Total	$ 13,230,409	$ 16,631,744	-20%

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Effingham County Board of Health
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 34,053,631	$ 3,364,546	$ 37,418,177	$ 1,334,417
Restricted cash	172,179	-	172,179	-
Receivables:				
Accounts	469,185	420,549	889,734	6,567
Taxes	1,043,376	-	1,043,376	-
Intergovernmental	1,598,223	-	1,598,223	29,231
Other	12,233	-	12,233	-
Internal balances	-	-	-	-
Inventories	31,854	-	31,854	-
Prepaid items	1,036,636	1,987	1,038,623	-
Total Current Assets	38,417,317	3,787,082	42,204,399	1,370,215
Net Pension Asset	1,093,912	26,034	1,119,946	-
Capital Assets:				
Nondepreciable capital assets	9,424,381	1,794,047	11,218,428	-
Depreciable capital assets, net	65,506,756	32,086,958	97,593,714	31,349
Total Capital Assets	74,931,137	33,881,005	108,812,142	31,349
Total Assets	$ 114,442,366	$ 37,694,121	$ 152,136,487	$ 1,401,564
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	318,796	7,587	326,383	-
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 1,623,173	$ 842,334	$ 2,465,507	$ 1,093
Accrued interest payable	58,722	62,733	121,455	-
Other accrued liabilities	503,873	11,648	515,521	-
Performance bonds	28,100	-	28,100	-
Customer deposits	-	161,039	161,039	-
Unearned revenue	65,031	3,357,832	3,422,863	-
Compensated absences payable	514,119	11,599	525,718	9,818
Capital leases payable	3,242,935	-	3,242,935	-
Notes payable	-	1,498,834	1,498,834	-
Total Current Liabilities	6,035,953	5,946,019	11,981,972	10,911
Long-Term Liabilities:				
Notes payable (net of current portion)	-	21,964,713	21,964,713	-
Compensated absences payable (net of current portion)	342,746	7,732	350,478	39,271
Capital leases payable (net of current portion)	7,449,890	-	7,449,890	-
Landfill closure and postclosure care costs	1,680,719	-	1,680,719	-
Total Long-Term Liabilities	9,473,355	21,972,445	31,445,800	39,271
Total Liabilities	15,509,308	27,918,464	43,427,772	50,182
NET POSITION				
Net investment in capital assets	64,642,239	10,417,458	75,059,697	31,349
Restricted for:				
Capital projects	10,445,027	-	10,445,027	-
Service delivery to unincorporated areas	5,840,050	-	5,840,050	-
Debt service	1,119,826	-	1,119,826	-
Other purposes	4,358,591	-	4,358,591	252,829
Unrestricted	12,846,121	(634,214)	12,211,907	1,067,204
Total Net Position	$ 99,251,854	$ 9,783,244	$ 109,035,098	$ 1,351,382

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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	$ 5,371,497	$ 1,088,436	$ 60,244	-	$ (4,222,817)	$ -	$ (4,222,817)	
Judicial	2,625,928	159,862	27,284	-	(2,438,782)	-	(2,438,782)	
Public safety	19,798,613	5,467,386	1,815,531	-	(12,515,696)	-	(12,515,696)	
Public works	5,458,578	-	-	$ 2,676,156	(2,782,422)	-	(2,782,422)	
Health and welfare	1,347,815	-	262,159	-	(1,085,656)	-	(1,085,656)	
Culture and recreation	1,908,596	272,336	13,752	-	(1,622,508)	-	(1,622,508)	
Housing and development	670,247	459,334	-	-	(210,913)	-	(210,913)	
Interest and fiscal charges	148,643	-	-	-	(148,643)	-	(148,643)	
Total governmental activities	37,329,917	7,447,354	2,178,970	2,676,156	(25,027,437)	-	(25,027,437)	-
Business-type Activities								
Water and Sewer	3,052,317	2,510,426	-	-	-	(541,891)	(541,891)	-
Wastewater Treatment Plant	1,424,400	835,514	-	-	-	(588,886)	(588,886)	-
Sanitation	3,048,433	3,216,875	-	-	-	168,442	168,442	-
Other	215,792	136,495	-	-	-	(79,297)	(79,297)	-
Total business-type activities	7,740,942	6,699,310	-	-	-	(1,041,632)	(1,041,632)	
Total - Primary Government	$ 45,070,859	$ 14,146,664	$ 2,178,970	$ 2,676,156	(25,027,437)	(1,041,632)	(26,069,069)	-
Component Unit:								
Effingham County Board of Health	$ 873,634	$ 306,055	$ 569,960	$ -				$ 2,381
General Revenues								
Property taxes levied for general government purposes					16,021,239	-	16,021,239	-
Sales taxes					13,760,168	-	13,760,168	-
Insurance premium tax					1,907,135	-	1,907,135	-
Other taxes					621,688	-	621,688	-
Gain on sale of capital assets					25,317	-	25,317	-
Investment earnings					8,705	356	9,061	-
Donated infrastructure					699,629	-	699,629	-
Other					302,134	4,194	306,328	152,845
Total General Revenues					33,346,015	4,550	33,350,565	152,845
Transfers					(2,793,427)	2,793,427	-	-
Special Item - Legal settlement					(325,000)	-	(325,000)	-
Total General Revenues, Transfers, and Special Items					30,227,588	2,797,977	33,025,565	152,845
Change in Net Position					5,200,151	1,756,345	6,956,496	155,226
Net Position Beginning of Year, As Restated					94,051,703	8,026,899	102,078,602	1,196,156
Net Position End of Year					$ 99,251,854	$ 9,783,244	$ 109,035,098	$ 1,351,382

See accompanying note to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 12,370,649	$ 5,776,050	$ 10,569,856	$ 5,337,076	$ 34,053,631
Restricted cash	172,179	-	-	-	172,179
Receivables:					
Accounts	282,570	-	-	186,615	469,185
Taxes	979,376	64,000	-	-	1,043,376
Intergovernmental	678,858	-	680,551	238,814	1,598,223
Interfund	-	-	-	4,219	4,219
Other	-	-	12,233	-	12,233
Inventories	31,854	-	-	-	31,854
Prepaid items	993,807	-	-	42,829	1,036,636
TOTAL ASSETS	$ 15,509,293	$ 5,840,050	$ 11,262,640	$ 5,809,553	$ 38,421,536
LIABILITIES					
Accounts payable	$ 987,684	$ -	$ 413,686	$ 221,803	$ 1,623,173
Accrued liabilities	441,588	-	-	62,285	503,873
Performance bonds	28,100	-	-	-	28,100
Interfund payable	-	-	-	4,219	4,219
Unearned revenue	65,031	-	-	-	65,031
TOTAL LIABILITIES	1,522,403	-	413,686	288,307	2,224,396
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	842,004	-	-	-	842,004
FUND BALANCES					
Nonspendable					
Inventories	31,854	-	-	-	31,854
Prepaid items	993,807	-	-	42,829	1,036,636
Restricted					
Landfill closure and post-closure	1,680,719	-	-	-	1,680,719
Special service district - unincorporated area	-	5,840,050	-	-	5,840,050
Public safety	-	-	-	1,594,985	1,594,985
Public works, public safety, and recreation	-	-	-	2,179,126	2,179,126
Housing and development	-	-	-	517,926	517,926
Health and welfare	-	-	-	33,022	33,022
Judicial	-	-	-	33,532	33,532
Capital projects - SPLOST	-	-	10,220,547	-	10,220,547
Capital projects - LMIG	-	-	628,407		628,407
Debt service	-	-	-	1,119,826	1,119,826
Committed					
Economic stabilization	4,200,000	-	-	-	4,200,000
Unassigned	6,238,506	-	-	-	6,238,506
TOTAL FUND BALANCES	13,144,886	5,840,050	10,848,954	5,521,246	35,355,136
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 15,509,293	$ 5,840,050	$ 11,262,640	$ 5,809,553	$ 38,421,536

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, 2015

Total Governmental Fund Balances		$ 35,355,136
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	$ 203,065,361	
Less accumulated depreciation	(128,134,224)	74,931,137
The net pension asset is not an available resource and therefore is not reported in the funds.		1,093,912
Other long-term liabilities are not used in the current period and therefore are reported as deferred outflows on the statement of net position:		
Resources related to pensions		318,796
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		842,004
Long-term liabilities, including capital leases, 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	$ (58,722)	
Capital leases payable	(10,692,825)	
Landfill closure and post-closure care costs	(1,680,719)	
Compensated absences payable	(856,865)	(13,289,131)
Net Position Of Governmental Activities		$ 99,251,854

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, 2015

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 21,479,661	$ 3,097,036	$ 7,927,327	$ 15,417	$ 32,519,441
Licenses and permits	37,055	-	-	456,573	493,628
Intergovernmental	2,084,107	-	1,133,984	1,526,128	4,744,219
Charges for services	2,890,080	-	-	2,596,958	5,487,038
Fines and forfeitures	1,291,969	-	-	174,722	1,466,691
Investment earnings	7,903	-	16,043	802	24,748
Other	248,733	-	4,000	49,401	302,134
Total revenues	28,039,508	3,097,036	9,081,354	4,820,001	45,037,899
EXPENDITURES					
Current:					
General government	4,370,439	-	-	-	4,370,439
Judicial	2,623,688	-	-	-	2,623,688
Public safety	14,343,030	-	-	3,924,255	18,267,285
Public works	2,059,796	-	-	253,400	2,313,196
Health and welfare	1,228,740	-	-	122,518	1,351,258
Culture and recreation	1,721,783	-	-	-	1,721,783
Housing and development	277,450	-	-	383,287	660,737
Capital outlay					
General government	-	-	18,116	-	18,116
Public safety	-	-	2,196,625	-	2,196,625
Public works	-	-	2,803,632	-	2,803,632
Culture and recreation	-	-	1,359,269	-	1,359,269
Intergovernmental	-	-	1,187,177	-	1,187,177
Debt service:					
Principal	146,497	-	-	3,029,705	3,176,202
Interest	9,879	-	-	422,486	432,365
Total expenditures	26,781,302	-	7,564,819	8,135,651	42,481,772
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,258,206	3,097,036	1,516,535	(3,315,650)	2,556,127
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	25,869	-	-	-	25,869
Transfers in	39,500	-	-	6,367,155	6,406,655
Transfers out	(340,664)	(4,398,304)	(4,376,817)	(84,297)	(9,200,082)
Total other financing sources (uses)	(275,295)	(4,398,304)	(4,376,817)	6,282,858	(2,767,558)
SPECIAL ITEM					
Legal settlement	(325,000)	-	-	-	(325,000)
NET CHANGE IN FUND BALANCES	657,911	(1,301,268)	(2,860,282)	2,967,208	(536,431)
FUND BALANCES, JULY 1, 2014	12,486,975	7,141,318	13,709,236	2,554,038	35,891,567
FUND BALANCES, JUNE 30, 2015	$ 13,144,886	$ 5,840,050	$ 10,848,954	$ 5,521,246	$ 35,355,136

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, 2015

Net Change In Fund Balances - Total Governmental Funds				$ (536,431)
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		$ (5,140,744)	
	Capital outlay		7,384,770	2,244,026
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:			
		6/30/2015	1,093,912	
		6/30/2014	(946,926)	146,986
Deferred outflows related to pension				
	Resources related to pensions			
		6/30/2015	318,796	
		6/30/2014	(188,452)	130,344
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 @ 6/30/15		842,004	
	Unavailable @ 6/30/14		(1,051,217)	(209,213)
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.				(552)
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.				3,176,202
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.				260,066
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		23,656	
	Change in compensated absences payable		(10,095)	
	Change in landfill closure and postclosure care costs		(24,838)	(11,277)
Change In Net Position of Governmental Activities				$ 5,200,151

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes				
Property	$ 14,729,228	$ 15,224,229	$ 15,040,547	$ (183,682)
Sales	5,700,000	5,825,000	5,832,843	7,843
Other	447,062	522,062	606,271	84,209
Licenses and permits	36,100	36,100	37,055	955
Intergovernmental	1,920,417	1,987,397	2,084,107	96,710
Charges for services	2,854,448	2,854,448	2,890,080	35,632
Fines and forfeitures	1,376,046	1,451,046	1,291,969	(159,077)
Investment earnings	17,759	17,759	7,903	(9,856)
Other	227,283	267,283	248,733	(18,550)
Total revenues	27,308,343	28,185,324	28,039,508	(145,816)
EXPENDITURES				
Current:				
General government:				
Commissioners' office	275,504	307,575	297,466	10,109
Elections	305,049	261,573	232,347	29,226
Financial administration	1,435,460	1,367,547	1,380,547	(13,000)
Information technology	476,177	468,169	440,427	27,742
Tax commissioner	752,094	740,839	720,218	20,621
Tax assessor	750,897	715,461	705,845	9,616
Government buildings	516,231	604,269	593,589	10,680
Total general government	4,511,412	4,465,433	4,370,439	94,994
Judicial:				
Superior court clerk's office	559,045	528,958	503,562	25,396
Superior court	622,228	648,228	618,834	29,394
District attorney's office	375,543	375,543	375,543	-
State Court	259,973	277,481	270,664	6,817
Solicitor	219,295	223,408	218,939	4,469
Magistrate Court	334,340	313,368	305,473	7,895
Probate Court	301,477	301,479	293,963	7,516
Board of equalization	48,627	48,627	36,710	11,917
Total judicial	2,720,528	2,717,092	2,623,688	93,404
Public safety:				
Emergency management	118,352	178,724	178,176	548
Sheriff	6,098,991	6,045,522	6,119,390	(73,868)
School resource officers	288,496	288,496	275,177	13,319
Jail	2,609,020	2,545,864	2,489,337	56,527
Correctional institute	2,340,224	2,164,387	2,161,431	2,956
Inmate medical	335,000	385,000	370,450	14,550
Probation	238,915	239,835	234,663	5,172
Emergency medical services	2,319,580	2,291,663	2,277,437	14,226
Coroner	54,549	59,393	49,077	10,316
Animal control	251,296	226,401	187,892	38,509
Total public safety	14,654,423	14,425,285	14,343,030	82,255

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public works:				
Roads	$ 1,587,136	$ 1,732,173	$ 1,723,503	$ 8,670
Roads - Cities	272,277	347,277	336,293	10,984
Total public works	1,859,413	2,079,450	2,059,796	19,654
Health and welfare:				
Health Department	264,267	264,267	264,267	-
Department of Family and Children Services	77,708	77,708	73,219	4,489
Summer food program	10,339	10,339	6,386	3,953
Family connections	59,570	72,070	56,614	15,456
Senior citizens	277,892	300,892	237,990	62,902
Hospital	-	530,000	529,044	956
Other community services	40,500	55,500	61,220	(5,720)
Total health and welfare	730,276	1,310,776	1,228,740	82,036
Culture and recreation				
Recreation	1,034,070	1,108,579	1,109,325	(746)
Recreation - Cities	117,104	117,104	116,586	518
Library	495,872	495,872	495,872	-
Total culture and recreation	1,647,046	1,721,555	1,721,783	(228)
Housing and development:				
Extension service	129,880	144,185	140,413	3,772
Geographic Information Systems	209,475	145,471	132,537	12,934
Economic development	4,500	4,500	4,500	-
Total housing and development	343,855	294,156	277,450	16,706
Debt service:				
Principal	-	147,000	146,497	503
Interest	-	10,000	9,879	121
Total debt service	-	157,000	156,376	624
Total expenditures	26,466,953	27,170,747	26,781,302	389,445
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	841,390	1,014,577	1,258,206	243,629
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	7,500	7,500	25,869	18,369
Transfers in	-	-	39,500	39,500
Transfers out	(340,664)	(340,664)	(340,664)	-
Total other financing sources (uses)	(333,164)	(333,164)	(275,295)	57,869
SPECIAL ITEM				
Legal settlement	-	(325,000)	(325,000)	-
NET CHANGE IN FUND BALANCE	$ 508,226	$ 356,413	657,911	$ 301,498
FUND BALANCE, BEGINNING OF YEAR			12,486,975	
FUND BALANCE, END OF YEAR			$ 13,144,886	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	$ 3,168,984	$ 3,168,984	$ 3,097,036	$ (71,948)
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,398,304)	(4,726,162)	(4,398,304)	327,858
Total other financing sources (uses)	(4,398,304)	(4,726,162)	(4,398,304)	327,858
NET CHANGE IN FUND BALANCE	$ (1,229,320)	$ (1,557,178)	(1,301,268)	$ 255,910
FUND BALANCE, BEGINNING OF YEAR			7,141,318	
FUND BALANCE, END OF YEAR			$ 5,840,050	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 1,113,775	$ 341,830	$ 1,760,180	$ 148,761	$ 3,364,546
Receivables:					
Accounts	414,722	5,195	25	607	420,549
Interfund	2,242,602	-	-	-	2,242,602
Prepaid items	1,987	-	-	-	1,987
Total Current Assets	3,773,086	347,025	1,760,205	149,368	6,029,684
Net pension asset	7,674	7,405	4,950	6,005	26,034
Capital Assets					
Land	100,358	1,286,560	-	-	1,386,918
Construction in progress	407,129	-	-	-	407,129
Systems and equipment (net of depreciation)	18,361,180	13,492,592	233,186	-	32,086,958
Total Capital Assets	18,868,667	14,779,152	233,186	-	33,881,005
Total Assets	22,649,427	15,133,582	1,998,341	155,373	39,936,723
DEFERRED OUTFLOWS OF RESOURCES					
Resources related to pensions	2,237	2,158	1,442	1,750	7,587
LIABILITIES					
Current Liabilities					
Accounts payable	582,574	12,513	238,883	8,364	842,334
Accrued payroll	3,158	4,383	1,127	2,980	11,648
Compensated absences payable	4,510	575	946	5,568	11,599
Accrued interest payable	32,320	30,413	-	-	62,733
Customer deposits	159,989	1,050	-	-	161,039
Unearned revenue	3,231,132	32,200	-	94,500	3,357,832
Interfund payable	-	2,242,602	-	-	2,242,602
Notes payable	699,317	799,517	-	-	1,498,834
Total Current Liabilities	4,713,000	3,123,253	240,956	111,412	8,188,621
Long-Term Liabilities					
Compensated absences payable (net of current portion)	3,007	383	631	3,711	7,732
Notes payable (net of current portion)	10,429,936	11,534,777	-	-	21,964,713
Total Long-Term Liabilities	10,432,943	11,535,160	631	3,711	21,972,445
Total Liabilities	15,145,943	14,658,413	241,587	115,123	30,161,066
NET POSITION					
Net investment in capital assets	7,739,414	2,444,858	233,186	-	10,417,458
Unrestricted	(233,693)	(1,967,531)	1,525,010	42,000	(634,214)
Total Net Position	$ 7,505,721	$ 477,327	$ 1,758,196	$ 42,000	$ 9,783,244

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, 2015

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 2,510,426	$ 835,514	$ 3,216,875	$ 136,495	$ 6,699,310
OPERATING EXPENSES					
Salaries and employee benefits	144,144	130,580	90,975	103,039	468,738
Purchased services	1,643,113	56,054	2,947,520	100,316	4,747,003
Materials and supplies	337,598	221,323	3,758	12,437	575,116
Depreciation	526,325	635,626	6,180	-	1,168,131
Total operating expenses	2,651,180	1,043,583	3,048,433	215,792	6,958,988
OPERATING INCOME (LOSS)	(140,754)	(208,069)	168,442	(79,297)	(259,678)
NON-OPERATING REVENUES (EXPENSES)					
Other	-	-	-	4,194	4,194
Investment earnings	12	26	300	18	356
Interest expense	(401,137)	(380,817)	-	-	(781,954)
Total non-operating revenues (expenses)	(401,125)	(380,791)	300	4,212	(777,404)
INCOME (LOSS) BEFORE TRANSFERS	(541,879)	(588,860)	168,742	(75,085)	(1,037,082)
TRANSFERS IN (OUT)	1,031,535	1,633,453	-	123,439	2,793,427
CHANGE IN NET POSITION	489,656	1,049,593	168,742	48,354	1,756,345
NET POSITION, BEGINNING OF YEAR, AS RESTATED	7,016,065	(572,266)	1,589,454	(6,354)	8,026,899
NET POSITION, END OF YEAR	$ 7,505,721	$ 477,327	$ 1,758,196	$ 42,000	$ 9,783,244

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 2,339,856	$ 853,260	$ 3,218,441	$ 139,668	$ 6,551,225
Cash payments to employees for services	(144,568)	(142,131)	(95,900)	(102,572)	(485,171)
Cash payments for goods and services	(1,926,502)	(284,441)	(2,953,134)	(115,298)	(5,279,375)
Net cash provided (used) by operating activities	268,786	426,688	169,407	(78,202)	786,679
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) other funds	765,012	(826,722)	1,919	-	(59,791)
Interfund transfers	1,031,535	1,638,453	-	123,439	2,793,427
Net cash provided (used) by noncapital financing activities	1,796,547	811,731	1,919	123,439	2,733,636
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on notes payable	(675,533)	(776,472)	-	-	(1,452,005)
Interest paid on notes payable	(403,097)	(382,732)	-	-	(785,829)
Purchase of capital assets	(302,446)	-	-	-	(302,446)
Net cash provided (used) by capital and related financing activities	(1,381,076)	(1,159,204)	-	-	(2,540,280)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	12	26	300	18	356
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	684,269	79,241	171,626	45,255	980,391
CASH AND CASH EQUIVALENTS, JULY 1, 2014	429,506	262,589	1,588,554	103,506	2,384,155
CASH AND CASH EQUIVALENTS, JUNE 30, 2015	$ 1,113,775	$ 341,830	$ 1,760,180	$ 148,761	$ 3,364,546
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (140,754)	$ (208,069)	$ 168,442	$ (79,297)	$ (259,678)
Adjustments:					
Depreciation	526,325	635,626	6,180	-	1,168,131
(Increase) decrease in operating assets:					
Accounts receivable	(155,183)	(3,254)	1,565	3,173	(153,699)
Prepaid items	446	-	-	-	446
Net pension asset	(1,031)	(995)	(665)	(807)	(3,498)
Increase (decrease) in deferred outflows of resources - Resources related to pensions	(914)	(882)	(590)	(715)	(3,101)
Increase (decrease) in operating liabilities:					
Accounts payable	53,763	(7,064)	(1,856)	(2,545)	42,298
Customer deposits	17,590	-	-	-	17,590
Accrued payroll	254	(955)	(1,269)	665	(1,305)
Unearned revenue	(32,977)	21,000	-	-	(11,977)
Compensated absences payable	1,267	(8,719)	(2,400)	1,324	(8,528)
Net cash provided (used) by operating activities	$ 268,786	$ 426,688	$ 169,407	$ (78,202)	$ 786,679

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, 2014	Agency Funds June 30, 2015
Assets		
Cash and cash equivalents	$ 614,066	$ 1,395,911
Investments, at fair value, in mutual funds	7,955,767	-
Receivables:		
From employer	16,697	-
From employees	5,564	-
Total assets	$ 8,592,094	$ 1,395,911
Liabilities		
Due to other entities and individuals		$ 1,395,911
Net Position		
Held in trust for employee pension benefits	$ 8,592,094	

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, 2014
Additions	
Contributions	
Employer	$ 401,258
Plan members	133,689
Total contributions	534,947
Investment income	
Dividends and interest	598,790
Net depreciation in fair value of investments	(60,166)
Total investment income	538,624
Total additions	1,073,571
Deductions	
Benefits	155,989
Administrative expenses	100,659
Total deductions	256,648
Change in net position	816,923
Net position, Beginning of year	7,775,171
Net position, End of year	$ 8,592,094

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, 2015.

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, 2015, 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 only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

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.

1-F. Restatements

Effective for the year ended June 30, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68. Implementation of this new accounting standard required a restatement of beginning net position for net pension liabilities (assets) and deferred outflows of resources related to pensions. These items were previously not required to be booked by the County.

The above restatement had the following impact on previously reported balances.

Statement of Activities	Governmental Activities	Business-type Activities	Total
Net Position, July 1, 2014, as previously reported	$ 95,630,705	$ 7,999,876	$ 103,630,581
Balance of net pension asset at July 1, 2014, as restated by actuary	946,926	22,537	969,463
Balance of net pension asset at July 1, 2014, as originally reported by actuary	(2,714,380)	-	(2,714,380)
Balance of deferred outflows - resources related to pensions at July 1, 2014	188,452	4,486	192,938
Net Position, July 1, 2014, as restated	$ 94,051,703	$ 8,026,899	$ 102,078,602

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Landfill	Total
Net Position, July 1, 2014, as previously reported	$ 7,008,099	$ (579,952)	$ 1,584,316	$ 86,107	$ 8,098,570
Balance of net pension asset at July 1, 2014	6,644	6,410	4,285	5,198	22,537
Balance of deferred outflows - resources related to pensions at July 1, 2014	1,322	1,276	853	1,035	4,486
Net Position, July 1, 2014, as restated	$ 7,016,065	$ (572,266)	$ 1,589,454	$ 92,340	$ 8,125,593

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, 2015 in the following departments for the general fund:

	General Fund
Financial administration	$ 13,000
Sheriff	73,868
Other community services	5,720
Recreation	746

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

Expenditures exceeded appropriations in the Education special revenue fund by $96, which was funded by available fund balance.

Expenditures exceeded appropriations in the Sheriff funds special revenue fund by $20,286, which was funded by excess revenues over amounts budgeted.

Deficit Fund Balance / Net Position

The water impact fees enterprise fund had a deficit net position of $42,000 at June 30, 2015 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, 2015 which the County plans to eliminate with future revenues or transfers from other funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2015, the carrying amount of the County's deposits and investments was $38,986,267 and the bank balance was $39,779,172. 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, 2015, the County invested $15,548,886 (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, 2014, the Pension Trust Fund held investments in publicly traded mutual funds totaling $7,955,767. 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 $1,334,167 and the bank balance was $1,335,124. As of June 30, 2015, the Board of Health did not have any balances exposed to custodial credit risk.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2015, 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, 2015, property taxes were levied on August 13, 2014, and were due November 17, 2014.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
Wireless E-911	E-911	$ 4,219
Water and Sewer Operating	Wastewater Treatment Plant	2,242,602
Total		$ 2,246,821

Interfund balances at June 30, 2015 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, 2015, consisted of the following:

	Transfers From:					
Transfers To:	General	Education	SPLOST	Special Tax District	State Condemnation	Total
General	-	$ 39,500	-	-	-	$ 39,500
Fire Taxing District	-	-	-	$ 1,418,838	-	1,418,838
Senior Citizens Activity	-	-	-	105,278	-	105,278
Inspection and Zoning	-	-	-	204,200	-	204,200
Sheriff Special Funds	-	-	-	-	$ 44,797	44,797
E911	$ 217,225	-	-	-	-	217,225
SPLOST Debt Service	-	-	$ 4,376,817	-	-	4,376,817
Water and Sewer Operating	-	-	-	1,031,535	-	1,031,535
Wastewater Treatment Plant	-	-	-	1,638,453	-	1,638,453
Landfill	123,439	-	-	-	-	123,439
Total	$ 340,664	$ 39,500	$ 4,376,817	$ 4,398,304	$ 44,797	$ 9,200,082

Transfers from the general fund are used primarily to help fund the landfill and E911. Transfers to various funds from the Special Tax District Fund were to fund operations. Transfers from the SPLOST fund to the SPLOST Debt Service fund were used for debt service. Transfers from the State Condemnation to the Sheriff Special Funds were to fund various items needed by the Sheriff's department. The Education fund transferred $39,500 to the general fund to close out that fund.

NOTE 7 – CAPITAL ASSETS

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

	Balance 7/1/14	Additions	Deductions	Balance 6/30/15
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,997,353	$ 1,266,973	-	$ 6,264,326
Construction in progress	28,849,016	3,802,350	$ 29,491,311	3,160,055
Total capital assets not being depreciated	33,846,369	5,069,323	29,491,311	9,424,381
Capital assets being depreciated:				
Buildings and improvements	37,239,480	16,604,711	-	53,844,191
Machinery and equipment	25,495,377	844,264	491,234	25,848,407
Infrastructure	99,590,599	14,357,783	-	113,948,382
Total capital assets being depreciated	162,325,456	31,806,758	491,234	193,640,980
Total capital assets	196,171,825	36,876,081	29,982,545	203,065,361
Accumulated depreciation:				
Buildings and improvements	16,594,809	1,933,713	-	18,528,522
Machinery and equipment	22,316,153	1,217,792	490,682	23,043,263
Infrastructure	84,573,200	1,989,239	-	86,562,439
Total accumulated depreciation	123,484,162	5,140,744	490,682	128,134,224
Governmental activities capital assets, net	$ 72,687,663	$ 31,735,337	$ 29,491,863	$ 74,931,137

Governmental activities depreciation expense:

General government	$ 994,671
Public safety	1,779,216
Public works	2,155,614
Culture and Recreation	194,026
Housing and development	17,217
Total governmental activities depreciation expense	$ 5,140,744

NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2015 for the County's enterprise funds was as follows:

	Balance 7/1/14	Additions	Deductions	Balance 6/30/15
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	$ 46,266	-	2,600,067
Infrastructure	22,326,214	256,180	-	22,582,394
Total capital assets being depreciated	41,722,327	302,446	-	42,024,773
Total capital assets	43,516,374	302,446	-	43,818,820
Accumulated depreciation:				
Buildings and improvements	3,352,211	425,941	-	3,778,152
Equipment	1,676,317	215,793	-	1,892,110
Infrastructure	3,741,156	526,397	-	4,267,553
Total accumulated depreciation	8,769,684	1,168,131	-	9,937,815
Business-type activities capital assets, net	$ 34,746,690	$ (865,685)	$ -	$ 33,881,005

Capital asset activity for the year ended June 30, 2015 for the Effingham County Board of Health was as follows:

	Balance 7/1/14	Additions	Deductions	Balance 6/30/15
Component Unit:				
Machinery and equipment	$ 85,972	$ 12,005	$ (350)	$ 97,627
Less accumulated depreciation	(53,556)	(13,072)	350	(66,278)
Component unit capital assets, net	$ 32,416	$ (1,067)	$ -	$ 31,349

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 $255,878 at June 30, 2015.

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, 2015:

Year ending June 30	
2016	$ 299,167
2017	299,167
2018	299,167
2019	207,947
Total minimum lease payments	1,105,448
Less amount representing interest	62,929
Present value of future minimum lease payments	$ 1,042,519

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, 2015, annual debt service requirements for the Series 2012 Certificates of Participation are as follows:

Year ending June 30	Principal	Interest	Total
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
	$ 9,205,000	$ 625,350	$ 9,830,350

NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2015 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.	$ 1,763,922
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.	12,334,294
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.	3,620,413
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.	5,744,918
	$ 23,463,547

As of June 30, 2015, annual debt service requirements to maturity are as follows:

Year ending June 30	Business-type Activities		
	Principal	Interest	Total
2016	$ 1,498,834	$ 738,999	$ 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	1,706,905	530,928	2,237,833
2021-2025	9,342,622	1,773,161	11,115,783
2026-2029	6,113,772	336,723	6,450,495
	$ 23,463,547	$ 5,291,896	$ 28,755,443

NOTE 10 – CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due In One Year
Capital lease payable - E-911	$ 643,069	-	$ 119,705	$ 523,364	$ 124,002
Capital lease payable - Patrol Cars	665,652	-	146,497	519,155	148,933
Capital lease payable - Jail	12,115,000	-	2,910,000	9,205,000	2,970,000
Unamortized Premium	705,372	-	260,066	445,306	-
Total Capital Leases	14,129,093	-	3,436,268	10,692,825	3,242,935
Compensated absences payable	846,770	$ 10,095	-	856,865	514,119
Landfill closure and post-closure care	1,655,881	24,838	-	1,680,719	-
Total Governmental Activities	$ 16,631,744	$ 34,933	$ 3,436,268	$ 13,230,409	$ 3,757,054
Business-Type Activities					
Compensated absences payable	$ 27,860	$ -	$ 8,529	$ 19,331	$ 11,599
Notes payable	24,915,552	-	1,452,005	23,463,547	1,498,834
Total Business-Type Activities	$ 23,491,407	$ -	$ 1,460,534	$ 23,482,878	$ 1,510,433
Component Unit					
Compensated absences payable	$ 40,563	$ 8,526	$ -	$ 49,089	$ 9,818

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 debt service 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 $1,680,719 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, 2015. 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

Effingham County maintains a single employer defined benefit pension plan: The Effingham County Board of Commissioners Defined Benefit Plan (the Plan). The Plan's activity is reported within the County's basic financial statements as a Pension Trust Fund. A separate, audited pension plan report prepared in accordance with U.S. generally accepted accounting principles is not available for this plan.

Summary of Significant Accounting Policies
Basis of Accounting – The plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Securities without an established market value are reported at estimated fair value.

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. Local ordinance provides for the authority to establish and amend benefit provisions.

Benefits Provided - The Plan provides retirement, disability, and death benefits for plan members and beneficiaries. Plan members who are vested with five or more years of service at termination are eligible to receive a life annuity at age 65 calculated based on the accrued benefit formula. Early retirement is available at the age of 60 with ten years of service.

Disability benefits are payable monthly for life equal to the plan participant's accrued benefit at disability retirement.

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Death benefits are available to the beneficiaries of active participants eligible for this benefit in the form of a lump-sum equal to the lesser of fifty times the projected monthly benefit based on level earnings and continued service to normal retirement or $50,000. Beneficiaries of retired participants are eligible to receive a lump-sum benefit in the amount of fifty times the participants benefit payable but limited to $15,000.

Contributions – 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

Contribution rates for the employer shall be effective January 1st following notice of a change in the rate. The total plan contributions are determined through the annual valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer should contribute the difference between the actuarially determined rate and the contribution rate of employees. The assumptions and actuarial methods used are intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia Statutes. For the measurement period ending December 31, 2014 (the measurement date), the average active employee contribution rate is one percent of annual pay, and the employer's contribution rate is five percent of annual payroll.

Investment Policy – The Effingham County Board of Commissioners are responsible for establishing and reviewing investment and spending policies, as well as the appointment of the investment committee composed of Board members to be responsible for the implementation of the investment policy and the oversight of the Plan. The Investment Committee of the Effingham County Board of Commissioners Retirement Plan has adopted an investment objective of growth and income through diversification, with a tolerance for short-term declines in fair value in favor of long-term appreciation. The investment policy allows for investment in money market funds, government bonds, short-term and intermediate corporate bonds, and domestic and international equity funds. There were no changes to the investment policy during the year ended December 31, 2014.

Concentrations – All of the Plan's investments are in the form of publicly traded mutual funds.

Rate of Return – For the year ended December 31, 2014, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense was -0.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset – The Plan's net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The components of the net pension asset of the County at December 31, 2014 were as follows:

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Total pension liability	$ 7,472,148
Plan fiduciary net position	(8,592,094)
County's net pension liability (asset)	$ (1,119,946)
Plan net position as a percentage of pension liability	114.99%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of December 31, 2014, using an investment rate of return of 7.50%, net of pension plan investment expense, including inflation. Mortality rates were based on IRS 2008+ Static Mortality (Dynamic) – 2014,

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. A projection of the expected benefit payments and contributions were performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

Changes in Net Pension Liability – Changes in the Plan's net pension liability for the year ended December 31, 2014 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a)-(b)
Balance, January 1, 2014	$ 6,805,711	$ 7,775,173	$ (969,462)
Changes for the year:			
Service cost	295,673		295,673
Expected investment service cost	22,175		22,175
Interest on the total pension liability	510,428		510,428
Contributions from the employer		401,258	(401,258)
Contributions from the employees		133,689	(133,689)
Net investment income		437,963	(437,963)
Benefit payments, including refunds	(155,989)	(155,989)	-
Expected interest on benefit payments	(5,850)		(5,850)
Net Changes	666,437	816,921	(150,484)
Balance, December 31, 2014	$ 7,472,148	$ 8,592,094	$ (1,119,946)

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following represents the net pension liability of the Plan as of December 31, 2014 (the measurement date), calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's net pension liability	$ 248,842	$ (1,119,946)	$ (2,219,668)

Pension Revenue/Expense – For the year ended December 31, 2014, the County recognized pension revenue of $150,484.

Deferred Outflows of Resources – For the year ended June 30, 2015, the County reported deferred outflows of resources related to pensions in the amount of $326,383, consisting of a net difference between projected and actual earnings on Plan investments in the amount of $127,509 and employer contributions after the measurement date in the amount of $198,874.

Amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ending June 30	
2016	$ 230,751
2017	31,877
2018	31,877
2019	31,878
	$ 326,383

In the government-wide statement of activities, $94,863 in revenue was recognized as support provided by nonemployer contributing entities. This amount was also recognized as expense in the appropriate functional expense category.

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

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

year ended June 30, 2015 was $ 407,017. Total employee contributions to the plans for the year ended June 30, 2015 was $135,623.

Judges of the Probate Courts 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.

Magistrates Retirement Fund of Georgia

The Magistrate Judge 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.

Georgia Firefighters' Pension Fund

Full-time fire department employees who are certified or are candidates for certification by the Georgia Firefighter Standards and Training Council are eligible to be covered by this pension plan, which is funded primarily by a one percent tax on premiums for fire insurance and monthly dues collected from active members.

Georgia Judicial Retirement System

This system provides retirement benefits for Superior Court Judges, District Attorneys, State Court Judges, Solicitors-General of the State Courts, and Juvenile Court Judges.

Employee's Retirement System of Georgia

Effingham County tax officials are covered under this retirement plan.

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 – COMMITMENTS AND CONTINGENCIES

Old Augusta Development Group v. Board of Commissioners - A case was 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. Subsequent to June 30, 2015, the County has settled this lawsuit and all claims associated with it by purchasing the property from the owners for $7,027,539. An appraisal was ordered to establish the fair market value of the property. The appraisal established the fair market value with the highest and best use consistent with the Uniform Standards of Professional Appraisal Practice at a value of $7,500,000. During the year there was also a smaller settlement related to the same case paid out by the County in the amount of $325,000, which has been reported as a special item in the financial statements.

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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

Hospital Authority – The County entered into a contract with the Hospital Authority of Effingham County dated October 19, 2010 whereby the Hospital Authority will provide indigent care to Effingham County citizens. In return, the County will provide the Hospital Authority $3,600,000 per year or approximately $300,000 per month. This payment will be financed by the County by a levy of annual tax on all taxable property located within the boundaries of the County at such rates to provide the funding, not to exceed 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, 2015, 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, 2015 follows:

		Percentage of tax receipts
Lodging tax receipts	$ 15,417	
Disbursements to the:		
Effingham County Chamber of Commerce	(12,333)	80%
County for adminstrative costs	(3,084)	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 December 8, 2015, the date that the financial statements were available to issue. No subsequent events were noted.

EFFINGHAM COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
EFFINGHAM COUNTY BOARD OF COMMISSIONERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2015

		Plan Year Ended December 31, 2014 (1)
Schedule of County Contributions		
	Actuarially determined contribution	$ 401,258
	Contributions in relation to the actuarially determined contribution	401,258
	Contribution deficiency (excess)	$ -
	Covered-employee payroll	$ 12,379,098
	Actual contributions as a percentage of covered-employee payroll	3.24%
Schedule of Changes in the Net Pension Liability and Related Ratios		
	Total pension liability	
	Interest	$ 504,578
	Service cost	295,673
	Expected investment service cost	22,175
	Benefit payments	(155,989)
	Net change in total pension liability	666,437
	Total pension liability, beginning	6,805,711
	Total pension liability, ending	$ 7,472,148
	Plan fiduciary net position	
	Contributions from employer	$ 401,258
	Contributions from employees	133,689
	Investment income, net of administrative expenses	437,963
	Benefit payments	(155,989)
	Net change in plan fiduciary net position	816,921
	Plan fiduciary net position, beginning	7,775,173
	Plan fiduciary net position, ending	$ 8,592,094
	Net pension liability (asset)	$ (1,119,946)
	Plan fiduciary net position as percentage of the total pension liability	114.99%
	Covered-employee payroll	$ 12,379,098
	Net pension liability (asset) a percentage of covered-employee payroll	-9.05%
Schedule of Investment Returns		
	Annual money-weighted rate of return, net of investment expense	-0.76%

(1) Only fiscal year 2015 was available. The County will continue to present information for years available until a full 10-year trend is compiled.

NOTE 1 – VALUATION DATE

Actuarially determined contribution rates are calculated as of the January 1st preceding the fiscal year end in which contributions are reported.

NOTE 2 – BENEFIT CHANGES

For the plan year ended December 31, 2014, there were no benefit changes during the plan year.

NOTE 3 – CHANGE IN ASSUMPTIONS

For the plan year ended December 31, 2014, there were no changes in assumptions.

NOTE 4 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal
Amortization method	Straight-line over the average expeted remaining service lives of all members (12.41 years)
Asset valuation method	Market value
Investment rate of return	7.50%, net of pension plan investment expenses, including inflation
Retirement age	Normal retirement at age 65 and early retirement at age 60 with 10 years of service.
Mortality	IRS 2008+ Static Mortality (Dynamic) - 2014

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	SPLOST Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,119,826	$ 4,217,250	$ 5,337,076
Receivables:			
Accounts	-	186,615	186,615
Taxes	-	-	-
Intergovernmental	-	238,814	238,814
Interfund	-	4,219	4,219
Prepaid items	-	42,829	42,829
TOTAL ASSETS	$ 1,119,826	$ 4,689,727	$ 5,809,553
LIABILITIES			
Accounts payable	$ -	$ 221,803	$ 221,803
Accrued liabilities	-	62,285	62,285
Interfund payable	-	4,219	4,219
TOTAL LIABILITIES	-	288,307	288,307
FUND BALANCES			
Nonspendable			
Prepaid items	-	42,829	42,829
Restricted			
Public safety	-	1,594,985	1,594,985
Public works, public safety, and recreation	-	2,179,126	2,179,126
Housing and development	-	517,926	517,926
Health and welfare	-	33,022	33,022
Judicial	-	33,532	33,532
Debt service	1,119,826	-	1,119,826
TOTAL FUND BALANCES	1,119,826	4,401,420	5,521,246
TOTAL LIABILITIES AND FUND BALANCES	$ 1,119,826	$ 4,689,727	$ 5,809,553

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

	SPLOST Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	$ 15,417	$ 15,417
Licenses and permits	-	456,573	456,573
Intergovernmental	-	1,526,128	1,526,128
Charges for services	-	2,596,958	2,596,958
Fines and forfeitures	-	174,722	174,722
Investment earnings	$ 22	780	802
Other	-	49,401	49,401
Total revenues	22	4,819,979	4,820,001
EXPENDITURES			
Current:			
Public safety	-	3,924,255	3,924,255
Public works	-	253,400	253,400
Health and welfare	-	122,518	122,518
Housing and development	-	383,287	383,287
Debt service:			
Principal	2,910,000	119,705	3,029,705
Interest	399,400	23,086	422,486
Total expenditures	3,309,400	4,826,251	8,135,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,309,378)	(6,272)	(3,315,650)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,376,817	1,990,338	6,367,155
Transfers out	-	(84,297)	(84,297)
Total other financing sources (uses)	4,376,817	1,906,041	6,282,858
NET CHANGE IN FUND BALANCES	1,067,439	1,899,769	2,967,208
FUND BALANCES, JULY 1, 2014	52,387	2,501,651	2,554,038
FUND BALANCES, JUNE 30, 2015	$ 1,119,826	$ 4,401,420	$ 5,521,246

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Education	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
ASSETS								
Cash	$ -	$ 43,232	$ 199,833	$ 4,522	$ 1,996,755	$ 17,462	$ 95	$ 500,399
Receivables:								
Accounts	-	-	-	-	-	-	-	185,386
Intergovernmental	-	381	-	-	237,267	-	-	-
Interfund	-	-	-	-	-	-	-	-
Prepaid items	-	-	40,458	-	-	-	-	2,371
TOTAL ASSETS	$ -	$ 43,613	$ 240,291	$ 4,522	$ 2,234,022	$ 17,462	$ 95	$ 688,156
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 1,826	$ 33,097	$ 2,322	$ 54,896	$ -	$ -	$ 59,687
Accrued payroll	-	316	-	-	-	-	-	17,361
Interfund payable	-	-	-	-	-	-	-	4,219
Total liabilities	-	2,142	33,097	2,322	54,896	-	-	81,267
Fund balances:								
Nonspendable:								
Prepaid items	-	-	40,458	-	-	-	-	2,371
Restricted:								
Public safety	-	41,471	166,736	2,200	-	17,462	95	604,518
Public works, public safety, and recreation	-	-	-	-	2,179,126	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	41,471	207,194	2,200	2,179,126	17,462	95	606,889
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 43,613	$ 240,291	$ 4,522	$ 2,234,022	$ 17,462	$ 95	$ 688,156

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
ASSETS								
Cash	-	$ 33,532	$ 632,945	$ 202,997	$ 525,753	$ 52,760	$ 6,965	$ 4,217,250
Receivables:								
Accounts	-	-	-	108	-	-	1,121	186,615
Intergovernmental	-	-	1,166	-	-	-	-	238,814
Interfund	$ 4,219	-	-	-	-	-	-	4,219
Prepaid items	-	-	-	-	-	-	-	42,829
TOTAL ASSETS	$ 4,219	$ 33,532	$ 634,111	$ 203,105	$ 525,753	$ 52,760	$ 8,086	$ 4,689,727
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ 44,024	$ 5,296	$ 17,573	$ 3,082	$ 221,803
Accrued payroll	-	-	-	34,908	7,535	2,165	-	62,285
Interfund payable	-	-	-	-	-	-	-	4,219
Total liabilities	-	-	-	78,932	12,831	19,738	3,082	288,307
Fund balances:								
Nonspendable:								
Prepaid items	-	-	-	-	-	-	-	42,829
Restricted:								
Public safety	4,219	-	634,111	124,173	-	-	-	1,594,985
Public works, public safety, and recreation	-	-	-	-	-	-	-	2,179,126
Housing and development	-	-	-	-	512,922	-	5,004	517,926
Health and welfare	-	-	-	-	-	33,022	-	33,022
Judicial	-	33,532	-	-	-	-	-	33,532
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	4,219	33,532	634,111	124,173	512,922	33,022	5,004	4,401,420
TOTAL LIABILITIES AND FUND BALANCES	$ 4,219	$ 33,532	$ 634,111	$ 203,105	$ 525,753	$ 52,760	$ 8,086	$ 4,689,727

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Education	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
REVENUES								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	$ 1,526,128	-	-	-
Charges for services	-	-	$ 181,408	$ 105,157	-	-	-	$ 988,592
Fine and forfeitures	-	$ 52,174	-	-	-	-	$ 44,797	-
Investment earnings	$ 3	2	-	-	91	$ 2	1	55
Other	-	-	38,233	-	-	-	-	-
Total revenues	3	52,176	219,641	105,157	1,526,219	2	44,798	988,647
EXPENDITURES								
Current:								
Public safety	-	24,684	195,286	103,229	-	-	-	927,156
Public works	-	-	-	-	253,400	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	96	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	119,705
Interest	-	-	-	-	-	-	-	23,086
Total expenditures	96	24,684	195,286	103,229	253,400	-	-	1,069,947
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(93)	27,492	24,355	1,928	1,272,819	2	44,798	(81,300)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	44,797	-	-	-	-	217,225
Transfers out	(39,500)	-	-	-	-	-	(44,797)	-
Total other financing sources (uses)	(39,500)	-	44,797	-	-	-	(44,797)	217,225
NET CHANGE IN FUND BALANCES	(39,593)	27,492	69,152	1,928	1,272,819	2	1	135,925
FUND BALANCES, BEGINNING OF YEAR	39,593	13,979	138,042	272	906,307	17,460	94	470,964
FUND BALANCES, END OF YEAR	$ -	$ 41,471	$ 207,194	$ 2,200	$ 2,179,126	$ 17,462	$ 95	$ 606,889

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
REVENUES								
Taxes	$ -	-	-	-	-	-	$ 15,417	$ 15,417
Licenses and permits	-	-	-	-	$ 456,573	-	-	456,573
Intergovernmental	-	-	-	-	-	-	-	1,526,128
Charges for services	-	-	-	$ 1,310,413	4,366	$ 7,022	-	2,596,958
Fine and forfeitures	-	$ 2,652	$ 75,099	-	-	-	-	174,722
Investment earnings	-	3	53	-	559	11	-	780
Other	-	-	-	9,750	370	1,048	-	49,401
Total revenues	-	2,655	75,152	1,320,163	461,868	8,081	15,417	4,819,979
EXPENDITURES								
Current:								
Public safety	-	-	-	2,673,900	-	-	-	3,924,255
Public works	-	-	-	-	-	-	-	253,400
Housing and development	-	-	-	-	370,954	-	12,333	383,287
Health and welfare	-	-	-	-	-	122,422	-	122,518
Debt service:								
Principal	-	-	-	-	-	-	-	119,705
Interest	-	-	-	-	-	-	-	23,086
Total expenditures	-	-	-	2,673,900	370,954	122,422	12,333	4,826,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,655	75,152	(1,353,737)	90,914	(114,341)	3,084	(6,272)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	1,418,838	204,200	105,278	-	1,990,338
Transfers out	-	-	-	-	-	-	-	(84,297)
Total other financing sources (uses)	-	-	-	1,418,838	204,200	105,278	-	1,906,041
NET CHANGE IN FUND BALANCES	-	2,655	75,152	65,101	295,114	(9,063)	3,084	1,899,769
FUND BALANCES, BEGINNING OF YEAR	4,219	30,877	558,959	59,072	217,808	42,085	1,920	2,501,651
FUND BALANCES, END OF YEAR	$ 4,219	$ 33,532	$ 634,111	$ 124,173	$ 512,922	$ 33,022	$ 5,004	$ 4,401,420

EFFINGHAM COUNTY, GEORGIA
EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 3	$ 3
EXPENDITURES			
Health and welfare	-	96	(96)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(93)	(93)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(39,500)	(39,500)
NET CHANGE IN FUND BALANCE	-	(39,593)	(39,593)
FUND BALANCES, BEGINNING OF YEAR	39,593	39,593	-
FUND BALANCES, END OF YEAR	$ 39,593	$ -	$ (39,593)

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, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 20,485	$ 52,174	$ 31,689
Investment earnings	-	2	2
Total revenues	20,485	52,176	31,691
EXPENDITURES			
Public safety	29,695	24,684	5,011
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,210)	27,492	36,702
FUND BALANCES, BEGINNING OF YEAR	13,979	13,979	-
FUND BALANCES, END OF YEAR	$ 4,769	$ 41,471	$ 36,702

EFFINGHAM COUNTY, GEORGIA
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ -	$ 70,000	$ 181,408	$ 111,408
Other	-	45,000	38,233	(6,767)
Total revenues	-	115,000	219,641	104,641
EXPENDITURES				
Public safety	-	175,000	195,286	(20,286)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(60,000)	24,355	84,355
OTHER FINANCING SOURCES (USES)				
Transfers in	-	60,000	44,797	(15,203)
NET CHANGE IN FUND BALANCE	-	-	69,152	69,152
FUND BALANCES, BEGINNING OF YEAR	138,042	138,042	138,042	-
FUND BALANCES, END OF YEAR	$ 138,042	$ 138,042	$ 207,194	$ 69,152

EFFINGHAM COUNTY, GEORGIA
PRISON FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 150,000	$ 105,157	$ (44,843)
EXPENDITURES			
Public safety	150,000	103,229	46,771
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	1,928	1,928
FUND BALANCES, BEGINNING OF YEAR	272	272	-
FUND BALANCES, END OF YEAR	$ 272	$ 2,200	$ 1,928

EFFINGHAM COUNTY, GEORGIA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 1,526,128	$ 1,526,128
Investment earnings	-	-	91	91
Total revenues	-	-	1,526,219	1,526,219
EXPENDITURES				
Public works	100,000	300,000	253,400	46,600
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(300,000)	1,272,819	1,572,819
FUND BALANCES, BEGINNING OF YEAR	906,307	906,307	906,307	-
FUND BALANCES, END OF YEAR	$ 806,307	$ 606,307	$ 2,179,126	$ 1,572,819

EFFINGHAM COUNTY, GEORGIA
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	-	$ (50,000)
Investment earnings	-	$ 2	2
Total revenues	50,000	2	(49,998)
EXPENDITURES			
Public safety	50,000	-	50,000
EXCESS OF REVENUES OVER EXPENDITURES	-	2	2
FUND BALANCES, BEGINNING OF YEAR	17,460	17,460	-
FUND BALANCES, END OF YEAR	$ 17,460	$ 17,462	$ 2

EFFINGHAM COUNTY, GEORGIA
STATE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	$ 44,797	$ (5,203)
Investment earnings	-	1	1
Total revenues	50,000	44,798	(5,202)
EXPENDITURES			
Public safety	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	50,000	44,798	(5,202)
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,000)	(44,797)	5,203
NET CHANGE IN FUND BALANCES	-	1	1
FUND BALANCES, BEGINNING OF YEAR	94	94	-
FUND BALANCES, END OF YEAR	$ 94	$ 95	$ 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, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 824,262	$ 988,592	$ 164,330
Investment earnings	-	55	55
Total revenues	824,262	988,647	164,385
EXPENDITURES			
Current			
Public safety	1,027,987	927,156	100,831
Debt service			
Principal	116,000	119,705	(3,705)
Interest	27,500	23,086	4,414
Total expenditures	1,171,487	1,069,947	101,540
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(347,225)	(81,300)	265,925
OTHER FINANCING SOURCES (USES)			
Transfers in	217,225	217,225	-
NET CHANGE IN FUND BALANCE	(130,000)	135,925	265,925
FUND BALANCES, BEGINNING OF YEAR	470,964	470,964	-
FUND BALANCES, END OF YEAR	$ 340,964	$ 606,889	$ 265,925

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, 2015

	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, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ -	$ 2,652	$ 2,652
Investment earnings	-	3	3
Total revenues	-	2,655	2,655
FUND BALANCES, BEGINNING OF YEAR	$ 30,877	30,877	-
FUND BALANCES, END OF YEAR	$ 30,877	$ 33,532	$ 2,655

EFFINGHAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 45,334	$ 75,099	$ 29,765
Investment earnings	-	53	53
Total revenues	45,334	75,152	29,818
FUND BALANCES, BEGINNING OF YEAR	558,959	558,959	-
FUND BALANCES, END OF YEAR	$ 604,293	$ 634,111	$ 29,818

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, 2015

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ 1,156,500	$ 1,156,500	$ 1,310,413	$ 153,913
Other	-	28,613	9,750	(18,863)
Total revenues	1,156,500	1,185,113	1,320,163	135,050
EXPENDITURES				
Public safety	2,575,338	2,705,436	2,673,900	31,536
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,418,838)	(1,520,323)	(1,353,737)	166,586
OTHER FINANCING SOURCES (USES)				
Transfers in	1,418,838	1,418,838	1,418,838	-
NET CHANGE IN FUND BALANCE	-	(101,485)	65,101	166,586
FUND BALANCES, BEGINNING OF YEAR	59,072	59,072	59,072	-
FUND BALANCES, END OF YEAR	$ 59,072	$ (42,413)	$ 124,173	$ 166,586

EFFINGHAM COUNTY, GEORGIA
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses and permits	$ 167,211	$ 456,573	$ 289,362
Charges for services	-	4,366	4,366
Investment earnings	-	559	559
Other	-	370	370
Total revenues	167,211	461,868	294,657
EXPENDITURES			
Housing and development	371,411	370,954	457
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(204,200)	90,914	295,114
OTHER FINANCING SOURCES			
Transfers in	204,200	204,200	-
NET CHANGE IN FUND BALANCE	-	295,114	295,114
FUND BALANCES, BEGINNING OF YEAR	217,808	217,808	-
FUND BALANCES, END OF YEAR	$ 217,808	$ 512,922	$ 295,114

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ -	$ 10,426	$ 7,022	$ (3,404)
Investment earnings	-	-	11	11
Other	-	-	1,048	1,048
Total revenues	-	10,426	8,081	(2,345)
EXPENDITURES				
Health and welfare	105,278	124,204	122,422	1,782
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(105,278)	(113,778)	(114,341)	(563)
OTHER FINANCING SOURCES				
Transfers in	105,278	105,278	105,278	-
NET CHANGE IN FUND BALANCE	-	(8,500)	(9,063)	(563)
FUND BALANCES, BEGINNING OF YEAR	42,085	42,085	42,085	-
FUND BALANCES, END OF YEAR	$ 42,085	$ 33,585	$ 33,022	$ (563)

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, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 15,000	$ 15,417	$ 417
EXPENDITURES			
Housing and development	15,000	12,333	2,667
EXCESS REVENUES UNDER EXPENDITURES	-	3,084	3,084
FUND BALANCES, BEGINNING OF YEAR	1,920	1,920	-
FUND BALANCES, END OF YEAR	$ 1,920	$ 5,004	$ 3,084

EFFINGHAM COUNTY, GEORGIA
SPLOST DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 22	$ 22
EXPENDITURES				
Debt service:				
Principal	-	3,000,000	2,910,000	90,000
Interest	-	400,000	399,400	600
Total expenditures	-	3,400,000	3,309,400	90,600
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(3,400,000)	(3,309,378)	90,622
OTHER FINANCING SOURCES				
Transfers in	-	3,400,000	4,376,817	976,817
NET CHANGE IN FUND BALANCE	-	-	1,067,439	1,067,439
FUND BALANCES, BEGINNING OF YEAR	52,387	52,387	52,387	-
FUND BALANCES, END OF YEAR	$ 52,387	$ 52,387	$ 1,119,826	$ 1,067,439

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 148,761	$ 148,761
Receivables:				
Accounts	-	-	607	607
Net pension asset	-	-	6,005	6,005
Total Assets	-	-	155,373	155,373
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	-	-	1,750	1,750
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	8,364	8,364
Accrued payroll	-	-	2,980	2,980
Unearned revenue	42,000	52,500	-	94,500
Compensated absences payable	-	-	5,568	5,568
Total current liabilities	42,000	52,500	16,912	111,412
Long-Term liabilities:				
Compensated absences payable (net of current portion)	-	-	3,711	3,711
Total Liabilities	42,000	52,500	20,623	115,123
NET POSITION				
Unrestricted	$ (42,000)	$ (52,500)	$ 136,500	$ 42,000

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 136,495	$ 136,495
OPERATING EXPENSES				
Salaries and employee benefits	-	-	103,039	103,039
Purchased services	-	-	100,316	100,316
Materials and supplies	-	-	12,437	12,437
Total operating expenses	-	-	215,792	215,792
OPERATING LOSS	-	-	(79,297)	(79,297)
NON-OPERATING REVENUES (EXPENSES)				
Other	4,194	-	-	4,194
Investment earnings	-	-	18	18
Total non-operating revenues (expenses)	4,194	-	18	4,212
INCOME (LOSS) BEFORE TRANSFERS	4,194	-	(79,279)	(75,085)
TRANSFERS IN (OUT)	-	-	123,439	123,439
CHANGE IN NET POSITION	4,194	-	44,160	48,354
NET POSITION, BEGINNING OF YEAR	(46,194)	(52,500)	92,340	(6,354)
NET POSITION, END OF YEAR	$ (42,000)	$ (52,500)	$ 136,500	$ 42,000

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ -	$ -	$ 139,668	$ 139,668
Cash payments to employees for services	-	-	(102,572)	(102,572)
Cash payments for goods and services	-	-	(115,298)	(115,298)
Net cash used by operating activities	-	-	(78,202)	(78,202)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers	-	-	123,439	123,439
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	-	-	18	18
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	45,255	45,255
CASH AND CASH EQUIVALENTS, JULY 1, 2014	-	-	103,506	103,506
CASH AND CASH EQUIVALENTS, JUNE 30, 2015	$ -	$ -	$ 148,761	$ 148,761
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ (79,297)	$ (79,297)
Adjustments:				
(Increase) decrease in operating assets				
Accounts receivable	-	-	3,173	3,173
Net pension asset	-	-	(807)	(807)
Increase (decrease) in deferred outflows of resources - Resources related to pensions	-	-	(715)	(715)
Increase (decrease) in operating liabilities				
Accounts payable	-	-	(2,545)	(2,545)
Accrued payroll	-	-	665	665
Compensated absences payable	-	-	1,324	1,324
Net cash used by operating activities	$ -	$ -	$ (78,202)	$ (78,202)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Probation	Total
ASSETS							
Cash	$ 1,093,550	$ 62,163	$ 123,439	$ 7,971	$ 97,466	$ 11,322	$ 1,395,911
LIABILITIES							
Due to other entities and individuals	$ 1,093,550	$ 62,163	$ 123,439	$ 7,971	$ 97,466	$ 11,322	$ 1,395,911

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Tax Commissioner				
Assets				
Cash	$ 1,051,027	$ 63,921,666	$ 63,879,143	$ 1,093,550
Liabilities				
Due to other entities and individuals	$ 1,051,027	$ 63,921,666	$ 63,879,143	$ 1,093,550
Probate Court				
Assets				
Cash	$ 54,173	$ 360,743	$ 352,753	$ 62,163
Liabilities				
Due to other entities and individuals	$ 54,173	$ 360,743	$ 352,753	$ 62,163
Clerk of Courts				
Assets				
Cash	$ 171,919	$ 2,535,718	$ 2,584,198	$ 123,439
Liabilities				
Due to other entities and individuals	$ 171,919	$ 2,535,718	$ 2,584,198	$ 123,439
Magistrate Court				
Assets				
Cash	$ 6,902	$ 276,063	$ 274,994	$ 7,971
Liabilities				
Due to other entities and individuals	$ 6,902	$ 276,063	$ 274,994	$ 7,971
Sheriff				
Assets				
Cash	$ 166,915	$ 111,557	$ 181,006	$ 97,466
Liabilities				
Due to other entities and individuals	$ 166,915	$ 111,557	$ 181,006	$ 97,466
Probation				
Assets				
Cash	$ 43,194	$ 206,238	$ 238,110	$ 11,322
Liabilities				
Due to other entities and individuals	$ 43,194	$ 206,238	$ 238,110	$ 11,322
Total Agency Funds				
Assets				
Cash	$ 1,494,130	$ 67,411,985	$ 67,510,204	$ 1,395,911
Liabilities				
Due to other entities and individuals	$ 1,494,130	$ 67,411,985	$ 67,510,204	$ 1,395,911

EFFINGHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2015

	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	$ 7,177,739	$ 401,900	$ 7,579,639	95%
Roads, streets and bridges	16,225,000	16,225,000	14,729,576	166,004	14,895,580	92%
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	5,830,000	4,504,301	-	4,504,301	77%
City of Springfield	2,425,000	2,425,000	1,873,574	-	1,873,574	77%
City of Guyton	1,220,000	1,220,000	942,582	-	942,582	77%
	$50,000,000	$50,002,164	$35,286,990	567,904	$35,854,894	71.7%
Roads projects funded by Department of Transportation grants				425,576		
2006 SPLOST total expenditures				$ 993,480		
2012 SPLOST						
County jail	$16,000,000	$16,000,000	$ 3,160,317	$ 2,910,000	$ 6,070,317	38%
Public buildings	2,692,000	2,692,000	5,427	306,096	311,523	12%
Roads, streets and bridges	32,500,000	32,500,000	1,984,549	2,162,181	4,146,730	13%
Drainage projects	1,100,000	1,100,000	346,422	25,121	371,543	34%
Recreation projects	4,000,000	4,000,000	-	1,359,269	1,359,269	34%
Vehicles and equipment	2,875,000	2,875,000	176,986	661,288	838,274	29%
Technology projects	600,000	600,000	31,342	18,116	49,458	8%
Intergovernmental:						
City of Rincon	6,296,400	6,296,400	1,504,255	784,493	2,288,748	36%
City of Springfield	2,619,000	2,619,000	485,723	253,301	739,024	28%
City of Guyton	1,317,600	1,317,600	286,444	149,383	435,827	33%
	$70,000,000	$70,000,000	$ 7,981,465	8,629,248	$16,610,713	23.7%
Jail project funded by Certificates of Participation				1,251,491		
2012 SPLOST total expenditures				$ 9,880,739		
Total SPLOST expenditures				$ 10,874,219		
SPLOST capital projects fund total expenditures				$ 7,564,819		
SPLOST debt service fund total expenditures				3,309,400		
				$ 10,874,219		

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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, 2015, and the related notes to the financial statements, which collectively comprise Effingham County's basic financial statements, and have issued our report thereon dated December 8, 2015. 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 material weaknesses or significant deficiencies. 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.

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*.

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 & Deal

Statesboro, Georgia
December 8, 2015