EFFINGHAM COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016, 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 1.1%, .9%, and 2.1%, respectively, of the assets, net position, and revenues of Effingham County, Georgia.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Effingham County Board of Health, a discretely presented component unit, which represents 1.1%, .9%, and 2.1% respectively, of the assets, net position, and revenues of Effingham County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Effingham County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the

respective budgetary comparison for the General Fund and the Special Tax District fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 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 6, 2016, 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.

Lanier, Westerfield, Cook & Proctor

Statesboro, GA
December 6, 2016

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, 2016. 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 $113,114,107 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $87,173,642 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 $20,528,829 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $5,411,636 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 $26,590,010 this year. This compares to the prior year ending fund balance of $35,355,136 showing a decrease of $8,765,126 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 $1,697,526.
  (2) At the end of the current fiscal year, committed fund balance for the General Fund was $4,200,000. This committed fund balance is for economic stabilization.
  (3) At the end of the current fiscal year, unassigned fund balance for the General Fund was $-1,372,844 or -4.75% of total General Fund expenditures for the fiscal year ending June 2016, primarily as a result of a land purchase.

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 55.

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 $113,114,107. The following table provides a summary of the County's net position:

Summary of Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015, restated	2016	2015	2016	2015, restated
Assets:						
Current Assets	30.0	38.4	4.5	3.8	34.5	42.2
Net Pension Asset	0.5	1.1	-	-	.5	1.1
Capital Assets	86.7	77.3	32.8	33.9	119.5	111.2
Total Assets	117.2	116.8	37.3	37.7	154.5	154.5
Deferred Outflows of Resources	1.0	.3	-	-	1.0	.3
Liabilities						
Current Liabilities	7.2	6.0	6.0	5.9	13.2	11.9
Long- Term Liabilities	8.8	12.2	20.4	22.0	29.2	34.2
Total Liabilities	16.0	18.2	26.4	27.9	42.4	46.1
Net Position						
Net Investment in Capital Assets	76.4	64.3	10.8	10.4	87.2	74.7
Restricted	20.5	21.7	-	-	20.5	21.7
Unrestricted	5.3	12.9	0.1	-0.6	5.4	12.3
Total Net Position	102.2	98.9	10.9	9.8	113.1	108.7

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 4 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $3,254,994 for governmental activities and increased by $1,122,878 for business-type activities. Note that approximately 74.7% 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 107 thousand of unrestricted, undesignated and 10.8 million invested in capital assets with total net position of 10.9 million. Capital assets in the business-type activities will be providing utility services, but they also generate revenues for this fund.

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

Summary of Changes in Net Position

	2016				2015			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	$ 7,998,597	$ 7,232,830	$ 15,231,427	28%	$ 7,447,354	$ 6,699,310	$ 14,146,664	27%
Operating grants	2,130,106	-	2,130,106	4%	2,178,970	-	2,178,970	4%
Capital grants	660,812	-	660,812	1%	2,676,156	-	2,676,156	5%
General:								
Taxes	35,296,709		35,296,709	65%	32,310,230		32,310,230	62%
Other	996,314	124,446	1,120,760	2%	1,035,785	4,550	1,040,335	2%
Total revenues	47,082,538	7,357,276	54,439,814	100%	45,648,495	6,703,860	52,352,355	100%
Program Expenses:								
General government	5,619,450	-	5,619,450	11%	5,371,497	-	5,371,497	12%
Judicial	2,777,553	-	2,777,553	6%	2,625,928	-	2,625,928	6%
Public safety	20,983,227	-	20,983,225	42%	19,798,613	-	19,798,613	44%
Public works	5,328,103	-	5,328,103	11%	5,458,578	-	5,458,578	12%
Health and welfare	4,657,615	-	4,657,615	9%	1,347,815	-	1,347,815	3%
Culture and recreation	1,926,082	-	1,926,082	4%	1,908,596	-	1,908,596	4%
Housing and development	626,610	-	626,610	1%	670,247	-	670,247	1%
Interest	292,041	-	292,041	1%	148,643	-	148,643	0%
Water	-	3,196,045	3,196,045	6%	-	3,052,317	3,052,317	7%
Sewer	-	1,433,661	1,433,661	3%	-	1,424,400	1,424,400	3%
Sanitation	-	3,103,356	3,103,356	6%	-	3,048,433	3,048,433	7%
Other	-	118,199	118,199	0%	-	215,792	215,792	0%
Total expenses	42,210,681	7,851,261	50,061,940	100%	37,329,917	7,740,942	45,070,859	100%
Excess	4,871,857	(493,985)	4,377,874		8,318,578	(1,037,082)	7,281,496	
Transfers	(1,616,863)	1,616,863	-		(2,793,427)	2,793,427	-	
Special Item - Legal Settlement	-	-	-		(325,000)	-	(325,000)	
Change in net position	3,254,994	1,122,878	4,377,874		5,200,151	1,756,345	6,956,496	
Beginning net position	99,251,854	9,783,244	109,035,098		95,630,705	7,999,876	103,630,581	
Prior period adjustment	(298,863)	-	(298,863)		(1,579,002)	27,023	(1,551,979)	
Ending net position	$ 102,207,985	$ 10,906,122	$ 113,114,109		$ 99,251,854	$ 9,783,244	$ 109,035,098	

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2016, excluding property taxes for the hospital authority, property taxes provided 34.8% of the County's governmental revenues. Inclusive of hospital property taxes, total property taxes provided 42.0% of governmental revenues and sales taxes provided 27.3% of the County's governmental revenues. Charges for services and other program revenues cover only 25.6% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 74.4% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the County's revenue streams.

Governmental Functional Expenses

The public safety function comprises 49.71% (53.04% in 2015) of the County's total governmental expenses. The public works function makes up 12.62% (14.62% in 2015) 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	$ 5,619,450	$ 4,422,528
Judicial	2,777,553	2,623,887
Public safety	20,983,225	13,674,598
Public works	5,328,103	4,667,291
Health and welfare	4,657,615	4,378,116
Culture and recreation	1,926,082	1,601,736
Housing and development	626,610	(239,033)
Interest on long-term debt	292,041	292,041
Total	$ 42,210,679	$ 31,421,164

Business-Type Activities

The County is in its thirteenth year of the development of its water and sewer operations. The operating revenues for water, sewer, and wastewater in 2016 were $3,848,453 and $3,345,940 for 2015. Operating expenses for 2016 were $3,894,812 and $3,694,763 for 2015. An operating loss of $46,359 was incurred for 2016 and for 2015 the operating loss was $348,823.

The operating revenues for the sanitation fund were $3,346,386 for 2016 and $3,216,875 for 2015. This activity resulted in operating income of $243,030.

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 $26,590,010. Of this year-end total, $-1,520,635 is unassigned indicating a need to review and or reduce the economic stabilization committed. Legally restricted fund balances (i.e., the restricted fund balances) include but are not limited to: $10,074,438 committed to approved SPLOST projects from sales tax, and $1,184,247 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 $8,765,126 or 24.79% of the prior years' total fund balance. This decrease is primarily the result of the both events and programs described within the analysis of the County's governmental activities presented in the next section together with a land purchase of $7,027,539.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by $7,155,722 from the prior year. This was due primarily to a land purchase of $7,027,539.

Property tax revenues have decreased slightly from the prior year collections. The digest increased from $1,552,625,857 to $1,605,715,609. In 2016, the millage rate was 8.337 mils. The General Fund's ending fund balance is considered to be in a sound position, representing the equivalent of 20.73% 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 $28.9 million, up from the prior year. Major grouping of expenditures showed:

General fund general government costs increased from $4,370,439 in 2015 to $4,853,222 in 2016.

General fund public safety costs increased from $14,343,030 in 2015 to $15,841,179 in 2016.

General fund public works costs increased from $2,059,796 in 2015 to $2,065,954 in 2016.

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 $392,308 primarily related to property taxes and other taxes as well as intergovernmental revenue. The actual revenue from charges and services was $79,071 above the final budget. Property taxes were $335,502 above the final budgeted revenue. For investment earnings, the revenue was below budget by $3,854.

Expenditures - The expenditure side of the original budget for the General Fund was revised upward for various items including $900,000 for vehicles for the Sheriff's Office and a $7,027,539 purchase of land.

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, 2016, was $86,689,868 and $32,763,466 respectively. The total net increase in this net investment was $9,292,233 for governmental activities, and a $1,117,539 decrease for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $11,391,328. Depreciation for governmental activities was $5,553,780. Business-type assets depreciation was $1,171,110.

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	
	2016	2015, restated	2016	2015, restated	2016	2015
Non-depreciable assets:						
Land	$ 13,073,721	$ 5,966,182	$ 1,086,706	$ 1,286,560	$ 14,160,427	$ 7,252,742
Easements	298,144	298,144	152,358	100,358	450,502	398,502
Construction in progress	3,727,322	3,160,055	464,529	407,129	4,191,851	3,567,184
Total non-depreciable assets	17,099,187	9,424,381	1,703,593	1,794,047	18,802,780	11,218,428
Depreciable assets:						
Buildings	54,568,309	53,844,191	16,842,312	16,842,312	71,410,621	70,686,503
Other equipment	27,112,045	28,422,142	2,600,067	2,600,067	29,712,112	31,022,209
Infrastructure	118,250,883	113,948,382	22,726,419	22,582,394	140,977,302	136,530,776
Total depreciable assets	199,931,237	196,214,715	42,168,798	42,024,773	242,100,035	238,239,488
Less accumulated depreciation	130,340,556	128,241,461	11,108,925	9,937,815	141,449,481	138,179,276
Book value - depreciable assets	69,590,681	67,973,254	31,059,873	32,086,958	100,650,554	100,060,212
Remaining to depreciate	35%	35%	74%	76%	42%	42%
Book value - all assets	$ 86,689,868	$ 77,397,635	$ 32,763,466	$ 33,881,005	$ 119,453,334	$ 111,278,640

At June 30, 2016, the depreciable capital assets for governmental activities had 35% 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 $10,533,027 and notes payable within the Business-type activities of $21,964,715.

During the year, the County retired $124,002 of the E-911 capital lease and $148,933 of the capital lease for the patrol cars. Additional capital leases were made for heart monitors, and new 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 2016 $2,970,000 was retired.

	Governmental Activities		Percentage
	2016	2015 restated	Change
Capital leases	$ 10,533,027	$ 13,375,252	-21%
Landfill closure and postclosure care	1,697,526	1,680,719	1%
Compensated absences	913,696	856,865	7%
Total	$ 13,144,249	$ 15,912,836	-17%

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Effingham County Board of Health
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 25,569,952	$ 4,046,970	$ 29,616,922	$ 1,570,019
Restricted cash	180,364	-	180,364	-
Receivables:				
Accounts	466,235	457,974	924,209	51,217
Taxes	930,678	-	930,678	-
Intergovernmental	1,344,588	-	1,344,588	28,729
Other	-	-	-	-
Internal balances	-	-	-	-
Inventories	29,207	-	29,207	-
Prepaid items	1,437,033	2,138	1,439,171	-
Total Current Assets	29,958,057	4,507,082	34,465,139	1,649,965
Net Pension Asset	517,381	14,971	532,352	-
Capital Assets:				
Nondepreciable capital assets	17,099,187	1,703,593	18,802,780	-
Depreciable capital assets, net	69,590,681	31,059,873	100,650,554	35,153
Total Capital Assets	86,689,868	32,763,466	119,453,334	35,153
Total Assets	117,165,306	37,285,519	154,450,825	1,685,118
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	1,039,449	21,417	1,060,866	97,723
LIABILITIES				
Current Liabilities:				
Accounts payable	1,935,257	866,547	2,801,804	3,225
Accrued interest payable	191,320	58,617	249,937	-
Other accrued liabilities	611,293	14,002	625,295	-
Performance bonds	67,451	-	67,451	-
Customer deposits	-	188,182	188,182	-
Unearned revenue	47,200	3,300,332	3,347,532	-
Compensated absences payable	548,218	5,051	553,269	7,080
Capital leases payable	3,824,018	-	3,824,018	-
Notes payable	-	1,549,723	1,549,723	-
Total Current Liabilities	7,224,757	5,982,454	13,207,211	10,305
Long-Term Liabilities:				
Notes payable (net of current portion)	-	20,414,992	20,414,992	-
Compensated absences payable (net of current portion)	365,478	3,368	368,846	28,320
Capital leases payable (net of current portion)	6,709,009	-	6,709,009	-
Landfill closure and postclosure care costs	1,697,526	-	1,697,526	-
Net pension liability	-	-	-	719,757
Total Long-Term Liabilities	8,772,013	20,418,360	29,190,373	748,077
Total Liabilities	15,996,770	26,400,814	42,397,584	758,382
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	-	-	-	59,160
NET POSITION				
Net investment in capital assets	76,374,891	10,798,751	87,173,642	35,153
Restricted for:				
Capital projects	9,856,388	-	9,856,388	-
Service delivery to unincorporated areas	6,069,642	-	6,069,642	-
Debt service	461,383	-	461,383	-
Other purposes	4,141,416	-	4,141,416	313,284
Unrestricted	5,304,265	107,371	5,411,636	616,862
Total Net Position	$ 102,207,985	$ 10,906,122	$ 113,114,107	$ 965,299

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	$ 5,619,450	$ 1,166,692	$ 30,230	-	$ (4,422,528)	$ -	$ (4,422,528)	
Judicial	2,777,553	116,850	36,816	-	(2,623,887)	-	(2,623,887)	
Public safety	20,983,227	5,539,525	1,769,102	-	(13,674,600)	-	(13,674,600)	
Public works	5,328,103	-	-	$ 660,812	(4,667,291)	-	(4,667,291)	
Health and welfare	4,657,615	-	279,499	-	(4,378,116)	-	(4,378,116)	
Culture and recreation	1,926,082	309,887	14,459	-	(1,601,736)	-	(1,601,736)	
Housing and development	626,610	865,643	-	-	239,033	-	239,033	
Interest and fiscal charges	292,041	-	-	-	(292,041)	-	(292,041)	
Total governmental activities	42,210,681	7,998,597	2,130,106	660,812	(31,421,166)	-	(31,421,166)	-
Business-type Activities								
Water and Sewer	3,196,045	2,954,492	-	-	-	(241,553)	(241,553)	-
Wastewater Treatment Plant	1,433,661	893,961	-	-	-	(539,700)	(539,700)	-
Sanitation	3,103,356	3,346,386	-	-	-	243,030	243,030	-
Other	118,199	37,991	-	-	-	(80,208)	(80,208)	-
Total business-type activities	7,851,261	7,232,830	-	-	-	(618,431)	(618,431)	
Total - Primary Government	$ 50,061,942	$ 15,231,427	$ 2,130,106	$ 660,812	(31,421,166)	(618,431)	(32,039,597)	-
Component Unit:								
Effingham County Board of Health	$ 867,783	$ 403,983	$ 577,058	$ -				$ 113,258
		General Revenues						
		Property taxes levied for general government purposes			16,385,609	-	16,385,609	-
		Property taxes levied for hospital			3,398,311	-	3,398,311	-
		Sales taxes			12,841,085	-	12,841,085	-
		Insurance premium tax			2,042,244	-	2,042,244	-
		Other taxes			629,460	-	629,460	-
		Gain on sale of capital assets			147,296	123,846	271,142	-
		Investment earnings			8,360	600	8,960	-
		Donated infrastructure			525,703	-	525,703	-
		Other			314,955	-	314,955	165,665
		Total General Revenues			36,293,023	124,446	36,417,469	165,665
		Transfers			(1,616,863)	1,616,863	-	-
		Total General Revenues and Transfers			34,676,160	1,741,309	36,417,469	165,665
		Change in Net Position			3,254,994	1,122,878	4,377,872	278,923
		Net Position Beginning of Year, as restated			98,952,991	9,783,244	108,736,235	686,376
		Net Position End of Year			$ 102,207,985	$ 10,906,122	$ 113,114,107	$ 965,299

See accompanying note to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,543,261	$ 5,996,876	$ 10,264,548	$ 4,765,267	$ 25,569,952
Restricted cash	180,364	-	-	-	180,364
Receivables:					
Accounts	261,932	-	-	204,303	466,235
Taxes	857,912	72,766	-	-	930,678
Intergovernmental	659,934	-	682,724	1,930	1,344,588
Interfund	54	-	-	4,219	4,273
Inventories	29,207	-	-	-	29,207
Prepaid items	1,435,275	-	-	1,758	1,437,033
TOTAL ASSETS	$ 7,967,939	$ 6,069,642	$ 10,947,272	$ 4,977,477	$ 29,962,330
LIABILITIES					
Accounts payable	$ 641,093	-	$ 872,834	$ 421,330	$ 1,935,257
Accrued liabilities	521,945	-	-	89,348	611,293
Performance bonds	61,691	-	-	5,760	67,451
Interfund payable	-	-	-	4,273	4,273
Unearned revenue	47,200	-	-	-	47,200
TOTAL LIABILITIES	1,271,929	-	872,834	520,711	2,665,474
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	706,846	-	-	-	706,846
FUND BALANCES					
Nonspendable					
Inventories	29,207	-	-	-	29,207
Prepaid items	1,435,275	-	-	1,758	1,437,033
Restricted					
Landfill closure and post-closure	1,697,526	-	-	-	1,697,526
Special service district - unincorporated area	-	$ 6,069,642	-	-	6,069,642
Public safety	-	-	-	1,184,247	1,184,247
Public works, public safety, and recreation	-	-	-	1,869,971	1,869,971
Housing and development	-	-	-	1,012,391	1,012,391
Health and welfare	-	-	-	38,322	38,322
Judicial	-	-	-	36,485	36,485
Capital projects - SPLOST	-	-	10,074,438	-	10,074,438
Debt service	-	-	-	461,383	461,383
Committed					
Economic stabilization	4,200,000	-	-	-	4,200,000
Unassigned	(1,372,844)	-	-	(147,791)	(1,520,635)
TOTAL FUND BALANCES	5,989,164	6,069,642	10,074,438	4,456,766	26,590,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,967,939	$ 6,069,642	$ 10,947,272	$ 4,977,477	$ 29,962,330

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, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Total Governmental Fund Balances		$ 26,590,010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	$ 217,030,424	
Less accumulated depreciation	(130,340,556)	86,689,868
The net pension asset is not an available resource and therefore is not reported in the funds.		517,381
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		1,039,449
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		706,846
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	$ (191,320)	
Capital leases payable	(10,533,027)	
Landfill closure and post-closure care costs	(1,697,526)	
Compensated absences payable	(913,696)	(13,335,569)
Net Position Of Governmental Activities		$ 102,207,985

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, 2016

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 21,343,616	$ 3,279,592	$ 7,397,479	$ 3,411,179	$ 35,431,866
Licenses and permits	39,055	-	-	865,674	904,729
Intergovernmental	2,130,105	-	634,643	-	2,764,748
Charges for services	2,983,519	-	-	2,808,283	5,791,802
Fines and forfeitures	1,176,267	-	-	125,798	1,302,065
Investment earnings	6,146	-	26,169	2,214	34,529
Other	181,909	-	122,000	11,046	314,955
Total revenues	27,860,617	3,279,592	8,180,291	7,224,194	46,544,694
EXPENDITURES					
Current:					
General government	4,853,222	-	-	-	4,853,222
Judicial	2,789,011	-	-	-	2,789,011
Public safety	15,841,179	-	-	4,285,977	20,127,156
Public works	2,065,954	-	-	309,340	2,375,294
Health and welfare	1,007,548	-	-	3,651,811	4,659,359
Culture and recreation	1,764,225	-	-	-	1,764,225
Housing and development	230,337	-	-	385,995	616,332
Capital outlay					
General government	-	-	39,475	-	39,475
Public safety	-	-	811,982	-	811,982
Public works	-	-	4,435,521	-	4,435,521
Culture and recreation	-	-	203,389	-	203,389
Intergovernmental	-	-	1,053,149	-	1,053,149
Debt service:					
Principal	312,048	-	256,499	3,094,002	3,662,549
Interest	24,142	-	240,117	203,939	468,198
Total expenditures	28,887,666	-	7,040,132	11,931,064	47,858,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,027,049)	3,279,592	1,140,159	(4,706,870)	(1,314,168)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	147,296	-	-	-	147,296
Proceeds from capital lease	1,046,148	-	-	-	1,046,148
Transfers in	-	-	-	4,283,337	4,283,337
Transfers out	(294,578)	(3,050,000)	(1,914,675)	(640,947)	(5,900,200)
Total other financing sources (uses)	898,866	(3,050,000)	(1,914,675)	3,642,390	(423,419)
SPECIAL ITEM					
Legal settlement - purchase of land	(7,027,539)	-	-	-	(7,027,539)
NET CHANGE IN FUND BALANCES	(7,155,722)	229,592	(774,516)	(1,064,480)	(8,765,126)
FUND BALANCES, JULY 1, 2015	13,144,886	5,840,050	10,848,954	5,521,246	35,355,136
FUND BALANCES, JUNE 30, 2016	$ 5,989,164	$ 6,069,642	$ 10,074,438	$ 4,456,766	$ 26,590,010

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, 2016

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ (8,765,126)
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	$ (5,553,780)	
	Capital outlay	14,846,013	9,292,233
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:		
	6/30/2016	517,381	
	6/30/2015	(1,093,912)	(576,531)
Deferred outflows related to pension			
	Resources related to pensions		
	6/30/2016	1,039,449	
	6/30/2015	(318,796)	720,653
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 @ 6/30/16	706,846	
	Unavailable @ 6/30/15	(842,004)	(135,158)
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.			-
Other financing sources for the inception of capital leases and proceeds from notes payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.			(1,046,148)
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.			3,662,549
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.			225,824
Some expenses reported in the statement of activities, such as landfill closure and post-closure care costs, accrued interest payable, and compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
	Change in accrued interest payable	(49,664)	
	Change in compensated absences payable	(56,831)	
	Change in landfill closure and postclosure care costs	(16,807)	(123,302)
Change In Net Position of Governmental Activities			$ 3,254,994

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes				
Property	$ 14,811,862	$ 14,947,916	$ 15,283,418	$ 335,502
Sales	5,900,000	5,900,000	5,443,605	(456,395)
Other	437,217	478,217	616,593	138,376
Licenses and permits	37,100	37,100	39,055	1,955
Intergovernmental	1,899,353	2,048,607	2,130,105	81,498
Charges for services	2,854,448	2,904,448	2,983,519	79,071
Fines and forfeitures	1,266,617	1,282,617	1,176,267	(106,350)
Investment earnings	10,000	10,000	6,146	(3,854)
Other	267,283	267,283	181,909	(85,374)
Total revenues	27,483,880	27,876,188	27,860,617	(15,571)
EXPENDITURES				
Current:				
General government:				
Commissioners' office	290,906	314,399	307,374	7,025
Elections	290,391	277,375	273,692	3,683
Financial administration	1,569,860	1,814,271	1,804,148	10,123
Information technology	479,585	430,085	413,402	16,683
Tax commissioner	772,944	721,660	709,186	12,474
Tax assessor	802,317	763,981	756,869	7,112
Government buildings	469,717	594,180	588,551	5,629
Total general government	4,675,720	4,915,951	4,853,222	62,729
Judicial:				
Superior court clerk's office	587,447	529,680	518,839	10,841
Superior court	625,869	710,160	737,076	(26,916)
District attorney's office	395,939	395,939	395,939	-
State Court	270,018	272,443	265,101	7,342
Solicitor	236,642	208,160	202,067	6,093
Magistrate Court	344,209	319,998	312,146	7,852
Probate Court	307,297	323,561	322,580	981
Board of equalization	48,979	38,179	35,263	2,916
Total judicial	2,816,400	2,798,120	2,789,011	9,109
Public safety:				
Emergency management	113,170	88,055	81,387	6,668
Sheriff	6,286,732	7,003,280	6,818,495	184,785
School resource officers	312,377	307,377	299,595	7,782
Jail	2,685,294	2,820,294	2,810,347	9,947
Correctional institute	2,250,240	2,314,690	2,297,426	17,264
Inmate medical	349,100	373,100	366,917	6,183
Probation	243,382	243,535	237,600	5,935
Emergency medical services	2,640,609	2,570,624	2,692,217	(121,593)
Coroner	56,986	46,812	48,857	(2,045)
Animal control	222,123	194,623	188,338	6,285
Total public safety	15,160,013	15,962,390	15,841,179	121,211

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public works:				
Roads	$ 1,587,829	$ 1,791,794	$ 1,761,544	$ 30,250
Roads - Cities	272,277	313,277	304,410	8,867
Total public works	1,860,106	2,105,071	2,065,954	39,117
Health and welfare:				
Health Department	264,267	264,267	264,267	-
Department of Family and Children Services	76,015	74,015	69,537	4,478
Family connections	49,182	58,548	58,548	-
Senior citizens	280,320	250,320	247,053	3,267
Hospital	-	297,307	297,307	-
Other community services	43,000	59,000	70,836	(11,836)
Total health and welfare	712,784	1,003,457	1,007,548	(4,091)
Culture and recreation				
Recreation	1,054,308	1,144,870	1,138,503	6,367
Recreation - Cities	117,104	117,104	104,850	12,254
Library	520,872	520,872	520,872	-
Total culture and recreation	1,692,284	1,782,846	1,764,225	18,621
Housing and development:				
Extension service	141,046	142,444	138,144	4,300
Geographic Information Systems	146,258	91,258	87,693	3,565
Economic development	4,500	4,500	4,500	-
Total housing and development	291,804	238,202	230,337	7,865
Debt service:				
Principal	-	158,460	312,048	(153,588)
Interest	-	-	24,142	(24,142)
Total debt service	-	158,460	336,190	(177,730)
Total expenditures	27,209,111	28,964,497	28,887,666	76,831
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	274,769	(1,088,309)	(1,027,049)	61,260
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	20,000	20,000	147,296	127,296
Proceeds from capital lease	-	900,000	1,046,148	146,148
Transfers out	(294,578)	(294,578)	(294,578)	-
Total other financing sources (uses)	(274,578)	625,422	898,866	273,444
SPECIAL ITEM				
Legal settlement - purchase of land	-	(7,027,539)	(7,027,539)	-
NET CHANGE IN FUND BALANCE	$ 191	$ (7,490,426)	(7,155,722)	$ 334,704
FUND BALANCE, BEGINNING OF YEAR			13,144,886	
FUND BALANCE, END OF YEAR			$ 5,989,164	

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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 3,208,650	$ 3,279,592	$ 70,942
OTHER FINANCING SOURCES (USES)			
Transfers out	(4,613,480)	(3,050,000)	1,563,480
NET CHANGE IN FUND BALANCE	$ (1,404,830)	229,592	$ 1,634,422
FUND BALANCE, BEGINNING OF YEAR		5,840,050	
FUND BALANCE, END OF YEAR		$ 6,069,642	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 886,809	$ 1,082,940	$ 2,033,397	$ 43,824	$ 4,046,970
Receivables:					
Accounts	449,867	8,082	25	-	457,974
Interfund	2,771,427	-	-	-	2,771,427
Prepaid items	2,138	-	-	-	2,138
Total Current Assets	4,110,241	1,091,022	2,033,422	43,824	7,278,509
Net pension asset	3,978	3,610	2,218	5,165	14,971
Capital Assets					
Land	-	1,086,706	-	-	1,086,706
Easements	152,358	-	-	-	152,358
Construction in progress	464,529	-	-	-	464,529
Systems and equipment (net of depreciation)	17,827,851	12,861,789	227,008	143,225	31,059,873
Total Capital Assets	18,444,738	13,948,495	227,008	143,225	32,763,466
Total Assets	22,558,957	15,043,127	2,262,648	192,214	40,056,946
DEFERRED OUTFLOWS OF RESOURCES					
Resources related to pensions	6,857	6,903	4,857	2,800	21,417
LIABILITIES					
Current Liabilities					
Accounts payable	541,364	43,209	260,125	21,849	866,547
Accrued payroll	3,434	5,556	5,012	-	14,002
Compensated absences payable	2,387	2,300	364	-	5,051
Accrued interest payable	30,253	28,364	-	-	58,617
Customer deposits	186,832	1,350	-	-	188,182
Unearned revenue	3,205,832	-	-	94,500	3,300,332
Interfund payable	-	2,771,427	-	-	2,771,427
Notes payable	724,763	824,960	-	-	1,549,723
Total Current Liabilities	4,694,865	3,677,166	265,501	116,349	8,753,881
Long-Term Liabilities					
Compensated absences payable (net of current portion)	1,592	1,534	242	-	3,368
Notes payable (net of current portion)	9,705,174	10,709,818	-	-	20,414,992
Total Long-Term Liabilities	9,706,766	10,711,352	242	-	20,418,360
Total Liabilities	14,401,631	14,388,518	265,743	116,349	29,172,241
NET POSITION					
Net investment in capital assets	8,014,801	2,413,717	227,008	143,225	10,798,751
Unrestricted	149,382	(1,752,205)	1,774,754	(64,560)	107,371
Total Net Position	$ 8,164,183	$ 661,512	$ 2,001,762	$ 78,665	$ 10,906,122

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, 2016

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 2,954,492	$ 893,961	$ 3,346,386	$ 37,991	$ 7,232,830
OPERATING EXPENSES					
Salaries and employee benefits	136,890	124,819	94,231	30,583	386,523
Purchased services	1,805,792	94,781	3,001,956	78,277	4,980,806
Materials and supplies	342,779	225,620	990	8,539	577,928
Depreciation	533,328	630,803	6,179	800	1,171,110
Total operating expenses	2,818,789	1,076,023	3,103,356	118,199	7,116,367
OPERATING INCOME (LOSS)	135,703	(182,062)	243,030	(80,208)	116,463
NON-OPERATING REVENUES (EXPENSES)					
Gain on sale of capital assets	-	123,846	-	-	123,846
Investment earnings	15	39	536	10	600
Interest expense	(377,256)	(357,638)	-	-	(734,894)
Total non-operating revenues (expenses)	(377,241)	(233,753)	536	10	(610,448)
INCOME (LOSS) BEFORE TRANSFERS	(241,538)	(415,815)	243,566	(80,198)	(493,985)
TRANSFERS IN (OUT)	900,000	600,000	-	116,863	1,616,863
CHANGE IN NET POSITION	658,462	184,185	243,566	36,665	1,122,878
NET POSITION, BEGINNING OF YEAR	7,505,721	477,327	1,758,196	42,000	9,783,244
NET POSITION, END OF YEAR	$ 8,164,183	$ 661,512	$ 2,001,762	$ 78,665	$ 10,906,122

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 2,920,890	$ 859,174	$ 3,346,386	$ 38,598	$ 7,165,048
Cash payments to employees for services	(141,076)	(121,720)	(92,000)	(43,052)	(397,848)
Cash payments for goods and services	(2,189,932)	(289,705)	(2,981,705)	(73,331)	(5,534,673)
Net cash provided (used) by operating activities	589,882	447,749	272,681	(77,785)	1,232,527
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) other funds	(528,825)	528,825	-	-	-
Interfund transfers	-	-	-	20,847	20,847
Net cash provided (used) by noncapital financing activities	(528,825)	528,825	-	20,847	20,847
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on notes payable	(699,316)	(799,516)	-	-	(1,498,832)
Interest paid on notes payable	(379,323)	(359,687)	-	-	(739,010)
Proceeds from sale of assets	-	323,700	-	-	323,700
Purchase of capital assets	(109,399)	-	-	(144,025)	(253,424)
Transfers from capital projects fund	900,000	600,000	-	48,008	1,548,008
Net cash provided (used) by capital and related financing activities	(288,038)	(235,503)	-	(48,009)	(571,550)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	15	39	536	10	600
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(226,966)	741,110	273,217	(104,937)	682,424
CASH AND CASH EQUIVALENTS, JULY 1, 2015	1,113,775	341,830	1,760,180	148,761	3,364,546
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	$ 886,809	$ 1,082,940	$ 2,033,397	$ 43,824	$ 4,046,970
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 135,703	$ (182,062)	$ 243,030	$ (80,208)	$ 116,463
Adjustments:					
Depreciation	533,328	630,803	6,179	800	1,171,110
(Increase) decrease in operating assets:					
Accounts receivable	(35,145)	(2,887)	-	607	(37,425)
Prepaid items	(151)	-	-	-	(151)
Net pension asset	3,696	3,795	2,732	840	11,063
Increase (decrease) in deferred outflows of resources - Resources related to pensions	(4,620)	(4,745)	(3,415)	(1,050)	(13,830)
Increase (decrease) in operating liabilities:					
Accounts payable	(41,210)	30,696	21,241	13,485	24,212
Customer deposits	26,843	300	-	-	27,143
Accrued payroll	276	1,173	3,885	(2,980)	2,354
Unearned revenue	(25,300)	(32,200)	-	-	(57,500)
Compensated absences payable	(3,538)	2,876	(971)	(9,279)	(10,912)
Net cash provided (used) by operating activities	$ 589,882	$ 447,749	$ 272,681	$ (77,785)	$ 1,232,527

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, 2015	Agency Funds June 30, 2016
Assets		
Cash and cash equivalents	$ 739,454	$ 1,526,809
Investments, at fair value, in mutual funds	7,893,201	-
Receivables:		
From employer	32,256	-
From employees	10,749	-
Total assets	$ 8,675,660	$ 1,526,809
Liabilities		
Due to other entities and individuals		$ 1,526,809
Net Position		
Held in trust for employee pension benefits	$ 8,675,660	

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, 2015
Additions	
Contributions	
Employer	$ 413,045
Plan members	137,634
Total contributions	550,679
Investment income	
Dividends and interest	585,256
Net depreciation in fair value of investments	(617,081)
Realized gains/losses	2,459
Total investment income	(29,366)
Total additions	521,313
Deductions	
Benefits	329,813
Administrative expenses	107,934
Total deductions	437,747
Change in net position	83,566
Net position, Beginning of year	8,592,094
Net position, End of year	$ 8,675,660

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, 2016.

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, 2016, 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 an 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. The County also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary funds.

Fund Equity

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, and sanitation programs. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

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

Interfund Activity

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund and capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The County Administrator may approve budget transfers within departments. Any change in total to a fund or departmental appropriation within a fund requires approval of the Board of Commissioners.

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

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2016 in the following departments for the general fund:

	General Fund
Superior court	$ 26,916
Emergency medical services	121,593
Coroner	2,045
Other community services	11,836
Debt service	177,730

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

Expenditures exceeded appropriations in the Sheriff funds special revenue fund by $129,301, which was funded by available fund balance.

Deficit Fund Balance / Net Position

The water impact fees enterprise fund had a deficit net position of $42,000 at June 30, 2016 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, 2016 which the County plans to eliminate with future revenues or transfers from other funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

The hospital indigent special revenue fund had a deficit fund balance of $147,791 at June 30, 2016 which the County plans to eliminate with future tax revenue designated for this fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2016, the carrying amount of the County's deposits and investments was $31,324,095 and the bank balance was $32,479,339. 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, 2016, the County invested $9,460,010 (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, 2015, the Pension Trust Fund held investments in publicly traded mutual funds totaling $7,893,201. 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 $1,569,769 and the bank balance was $1,570,088. As of June 30, 2016, the Board of Health did not have any balances exposed to custodial credit risk.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2016, 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, 2016, property taxes were levied on June 23, 2015, and were due November 15, 2015.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	E-911	$ 54
Wireless E-911	E-911	4,219
Water and Sewer Operating	Wastewater Treatment Plant	2,771,427
Total		$ 2,775,700

Interfund balances at June 30, 2016 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfers From:					
Transfers To:	General	Jail	SPLOST	Special Tax District	State Condemnation	Total
Fire Taxing District	-	-	-	$ 1,450,000	-	$ 1,450,000
Senior Citizens Activity	-	-	-	100,000	-	100,000
Sheriff Special Funds	-	-	-	-	$ 10,947	10,947
E911	$ 225,723	-	-	-	-	225,723
SPLOST Debt Service	-	$ 630,000	$ 1,866,667	-	-	2,496,667
Water and Sewer Operating	-	-	-	900,000	-	900,000
Wastewater Treatment Plant	-	-	-	600,000	-	600,000
Landfill	68,855	-	48,008	-	-	116,863
Total	$ 294,578	$ 630,000	$ 1,914,675	$ 3,050,000	$ 10,947	$ 5,900,200

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 and Jail fund to the SPLOST Debt Service fund were used for debt service. Transfers from the SPLOST fund to the Landfill fund were used to fund capital improvements. Transfers from the State Condemnation to the Sheriff Special Funds were to fund various items needed by the Sheriff's department.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance 07/01/15, as restated	Additions	Deductions	Balance 06/30/16
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 5,966,182	$ 7,107,539	-	$ 13,073,721
Easements	298,144	-	-	298,144
Construction in progress	3,160,055	567,267	-	3,727,322
Total capital assets not being depreciated	9,424,381	7,674,806	-	17,099,187
Capital assets being depreciated:				
Buildings and improvements	53,844,191	760,065	$ 35,947	54,568,309
Machinery and equipment	28,422,142	2,108,641	3,418,738	27,112,045
Infrastructure	113,948,382	4,302,501	-	118,250,883
Total capital assets being depreciated	196,214,715	7,171,207	3,454,685	199,931,237
Total capital assets	205,639,096	14,846,013	3,454,685	217,030,424
Accumulated depreciation:				
Buildings and improvements	18,528,522	2,057,196	35,947	20,549,771
Machinery and equipment	23,150,500	1,260,442	3,418,738	20,992,204
Infrastructure	86,562,439	2,236,142	-	88,798,581
Total accumulated depreciation	128,241,461	5,553,780	3,454,685	130,340,556
Governmental activities capital assets, net	$ 77,397,635	$ 9,292,233	$ -	$ 86,689,868

Governmental activities depreciation expense:

General government	$ 1,006,095
Public safety	2,024,238
Public works	2,327,963
Culture and Recreation	181,545
Housing and development	13,939
Total governmental activities depreciation expense	$ 5,553,780

NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2016 for the County's enterprise funds was as follows:

	Balance 07/01/15, as restated	Additions	Deductions	Balance 06/30/16
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 1,286,560	-	$ 199,854	$ 1,086,706
Easements	100,358	$ 52,000	-	152,358
Construction in progress	407,129	57,400	-	464,529
Total capital assets not being depreciated	1,794,047	109,400	199,854	1,703,593
Capital assets being depreciated:				
Buildings and improvements	16,842,312	-	-	16,842,312
Machinery and equipment	2,600,067	-	-	2,600,067
Infrastructure	22,582,394	144,025	-	22,726,419
Total capital assets being depreciated	42,024,773	144,025	-	42,168,798
Total capital assets	43,818,820	253,425	199,854	43,872,391
Accumulated depreciation:				
Buildings and improvements	3,778,152	425,872	-	4,204,024
Equipment	1,892,110	211,109	-	2,103,219
Infrastructure	4,267,553	534,129	-	4,801,682
Total accumulated depreciation	9,937,815	1,171,110	-	11,108,925
Business-type activities capital assets, net	$ 33,881,005	$ (917,685)	$ 199,854	$ 32,763,466

Capital asset activity for the year ended June 30, 2016 for the Effingham County Board of Health was as follows:

	Balance 07/01/15	Additions	Deductions	Balance 06/30/16
Component Unit:				
Machinery and equipment	$ 97,627	$ 21,095	$ -	$ 118,722
Less accumulated depreciation	(66,278)	(17,291)	-	(83,569)
Component unit capital assets, net	$ 32,416	$ 3,804	$ -	$ 35,153

NOTE 8 – CAPITAL LEASES

Governmental Activities

The County has entered into lease agreements as lessee for financing various equipment costing $6,097,402. 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 accumulated depreciation on the various equipment was $2,036,986 at June 30, 2016.

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, 2016:

Year ending June 30	
2017	896,201
2018	896,201
2019	783,787
2020	546,167
2021	387,708
Thereafter	1,068,046
Total minimum lease payments	4,578,112
Less amount representing interest	499,566
Present value of future minimum lease payments	$ 4,078,545

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, 2016, annual debt service requirements for the Series 2012 Certificates of Participation are as follows:

Year ending June 30	Principal	Interest	Total
2017	$ 3,055,000	$ 220,100	$ 3,275,100
2018	3,180,000	79,500	3,259,500
	$ 6,235,000	$ 299,600	$ 6,534,600

NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2016 consisted of the following:

	Business-type Activities
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.	$ 1,609,398
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.	11,534,778
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.	3,419,962
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.	5,400,577
	$ 21,964,715

As of June 30, 2016, annual debt service requirements to maturity are as follows:

Year ending June 30	Business-type Activities		
	Principal	Interest	Total
2017	$ 1,549,723	$ 688,110	$ 2,237,833
2018	1,599,847	637,986	2,237,833
2019	1,652,465	585,368	2,237,833
2020	1,706,242	531,591	2,237,833
2021	1,763,602	474,231	2,237,833
2022-2026	9,428,638	1,470,264	10,898,902
2027-2029	4,264,198	167,208	4,431,406
	$ 21,964,715	$ 4,554,758	$ 26,519,473

NOTE 10 – CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance July 1, 2015, as restated	Additions	Reductions	Balance June 30, 2016	Amounts Due In One Year
Capital lease payable - E-911	$ 523,364	-	$ 124,002	$ 399,362	$ 128,454
Capital lease payable - Patrol Cars	519,155	-	148,933	370,222	151,409
Capital lease payable - Jail	9,205,000	-	2,970,000	6,235,000	3,055,000
Capital lease payable - Patrol Cars	-	$ 600,000	95,518	504,482	116,934
Capital lease payable - Admin. vehicles	-	300,000	47,759	252,241	58,467
Capital lease payable - Comm. equipment	2,682,427	-	256,498	2,425,929	266,014
Capital lease payable - Heart monitors	-	146,148	19,839	126,309	47,740
Unamortized Premium	445,306	-	225,824	219,482	-
Total Capital Leases	13,375,252	1,046,148	3,888,373	10,533,027	3,824,018
Compensated absences payable	856,865	56,831	-	913,696	548,218
Landfill closure and post-closure care	1,680,719	16,807	-	1,697,526	-
Total Governmental Activities	$ 15,912,836	$ 1,119,786	$ 3,888,373	$ 13,144,249	$ 4,372,236
Business-Type Activities					
Compensated absences payable	$ 19,331	$ -	$ 10,912	$ 8,419	$ 5,051
Notes payable	23,463,547	-	1,498,832	21,964,715	1,549,723
Total Business-Type Activities	$ 23,482,878	$ -	$ 1,509,744	$ 21,973,134	$ 1,554,774
Component Unit					
Compensated absences payable	$ 49,089	$ -	$ 13,689	$ 35,400	$ 7,080

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 fund, SPLOST debt service fund and the E-911 fund. Notes payable will be paid from 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 $1,697,526 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, 2016. 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, 2015, the date of the most recent actuarial valuation, there were 656 participants as follows:

Active participants	348
Retirees and beneficiaries	275
Vested former employees	33
	656

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, 2015 (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, 2015.

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, 2015, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense was -7.08%. 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, 2015, 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, 2015 were as follows:

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Total pension liability	$ 8,143,307
Plan fiduciary net position	(8,675,659)
County's net pension liability (asset)	$ (532,352)
Plan net position as a percentage of pension liability	106.54%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of December 31, 2015, 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) – 2015.

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 (Asset) – Changes in the Plan's net pension liability (asset) for the year ended December 31, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a)-(b)
Balance, January 1, 2015	$ 7,472,148	$ 8,592,094	$ (1,119,946)
Changes for the year:			
Service cost	295,407	-	295,407
Expected investment service cost	22,156	-	22,156
Interest on the total pension liability	560,411	-	560,411
Differences between expected and actual experience	135,366	-	135,366
Contributions from the employer	-	413,045	(413,045)
Contributions from the employees	-	137,634	(137,634)
Net investment income	-	(137,301)	137,301
Benefit payments, including refunds	(329,813)	(329,813)	-
Expected interest on benefit payments	(12,368)	-	(12,368)
Net Changes	671,159	83,565	587,594
Balance, December 31, 2015	$ 8,143,307	$ 8,675,659	$ (532,352)

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, 2015 (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	$ 888,788	$ (532,352)	$ (1,684,155)

Pension Revenue/Expense – For the year ended December 31, 2015, the County recognized pension expense of $285,716.

Deferred Outflows of Resources – For the year ended June 30, 2016, the County reported deferred outflows of resources related to pensions in the amount of $1,060,866, consisting of a net difference between projected and actual earnings on Plan investments in the amount of $851,876 and employer contributions after the measurement date in the amount of $208,990.

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

Year ending June 30	
2017	$ 409,979
2018	200,989
2019	200,989
2020	169,112
2020	11,114
Thereafter	68,683
	$ 1,060,866

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 GEBCORP. 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 matches up to 3% of employee's 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, 2016 was $253,616. Total employee contributions to the plans for the year ended June 30, 2016 was $453,038.

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 – SPECIAL ITEM

During the year ended June 30, 2016, the County settled a lawsuit and all claims associated with it by purchasing the property associated with the lawsuit from the plaintiff for $7,027,539.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Del-A-Rae v. Board of Commissioners - A case is pending regarding Del-A-Rae v. Effingham County, United States District Court for the Southern District of Georgia, CAFN: 4:15-CV-259: The County is the sole Defendant in this case. Plaintiff's claims arise out of the 2006 rezoning of 257 acres of its 642 acre property. In granting Plaintiff's request to rezone the property from AR-1 to R-1, the County imposed ten conditions. Plaintiff specifically complains of two of the conditions, a half-acre minimum lot size requirement and a prohibition of road access to Abercorn Landing, contending that the imposition of these conditions violated its procedural due process rights as well as the equal protection clause. In initial disclosures, the Plaintiff indicated that they seek to recover $17,000,000 in damages, comprised of alleged lost profits. The County is vigorously defending these claims, and has asserted numerous grounds for complete dismissal.

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 15 – 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 16 – 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, 2016, the County paid $50,541 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 17 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2016 follows:

		Percentage of tax receipts
Lodging tax receipts	$ 12,868	
Disbursements to the:		
Effingham County Chamber of Commerce	(10,295)	80%
County for adminstrative costs	(2,573)	20%
Total	$ -	

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

NOTE 18 – PRIOR PERIOD ADJUSTMENT

Beginning net position for governmental activities was restated for the omission of a capital lease and the related asset as of June 30, 2015.

	Governmental Activities
Net position, June 30, 2015, as previously reported	$ 99,251,854
Restatement for ommitted capital lease and related asset	(298,863)
Net position, July 1, 2015, as restated	$ 98,952,991

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2016, the date that the financial statements were available to issue. No subsequent events were noted.

EFFINGHAM COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION (1)
EFFINGHAM COUNTY BOARD OF COMMISSIONERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2016

	Plan Year Ended December 31, 2015	Plan Year Ended December 31, 2014
Schedule of County Contributions		
Actuarially determined contribution	$ 413,045	$ 401,258
Contributions in relation to the actuarially determined contribution	413,045	401,258
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 13,924,039	$ 12,379,098
Actual contributions as a percentage of covered-employee payroll	2.97%	3.24%
Schedule of Changes in the Net Pension Liability and Related Ratios		
Total pension liability		
Interest	$ 548,043	$ 504,578
Differences between expected and actual experience	135,366	
Service cost	295,407	295,673
Expected investment service cost	22,156	22,175
Benefit payments	(329,813)	(155,989)
Net change in total pension liability	671,159	666,437
Total pension liability, beginning	7,472,148	6,805,711
Total pension liability, ending	$ 8,143,307	$ 7,472,148
Plan fiduciary net position		
Contributions from employer	$ 413,045	$ 401,258
Contributions from employees	137,634	133,689
Investment income, net of administrative expenses	(137,301)	437,963
Benefit payments	(329,813)	(155,989)
Net change in plan fiduciary net position	83,565	816,921
Plan fiduciary net position, beginning	8,592,094	7,775,173
Plan fiduciary net position, ending	$ 8,675,659	$ 8,592,094
Net pension liability (asset)	$ (532,352)	$ (1,119,946)
Plan fiduciary net position as percentage of the total pension liability	106.54%	114.99%
Covered-employee payroll	$ 13,924,039	$ 12,379,098
Net pension liability (asset) as a percentage of covered-employee payroll	-3.82%	-9.05%
Schedule of Investment Returns		
Annual money-weighted rate of return, net of investment expense	-7.08%	-0.76%

(1) Only fiscal years 2016 and 2015 were 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, 2015, there were no benefit changes during the plan year.

NOTE 3 – CHANGE IN ASSUMPTIONS

For the plan year ended December 31, 2015, 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 expected remaining service lives of all members (12.18 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) - 2015

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPLOST Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 461,383	$ 4,303,884	$ 4,765,267
Receivables:			
Accounts	-	204,303	204,303
Taxes	-	-	-
Intergovernmental	-	1,930	1,930
Interfund	-	4,219	4,219
Prepaid items	-	1,758	1,758
TOTAL ASSETS	$ 461,383	$ 4,516,094	$ 4,977,477
LIABILITIES			
Accounts payable	$ -	$ 421,330	$ 421,330
Accrued liabilities	-	89,348	89,348
Interfund payable	-	4,273	4,273
Performance bonds	-	5,760	5,760
TOTAL LIABILITIES	-	520,711	520,711
FUND BALANCES			
Nonspendable			
Prepaid items	-	1,758	1,758
Restricted			
Public safety	-	1,184,247	1,184,247
Public works, public safety, and recreation	-	1,869,971	1,869,971
Housing and development	-	1,012,391	1,012,391
Health and welfare	-	38,322	38,322
Judicial	-	36,485	36,485
Debt service	461,383	-	461,383
Unassigned	-	(147,791)	(147,791)
TOTAL FUND BALANCES	461,383	3,995,383	4,456,766
TOTAL LIABILITIES AND FUND BALANCES	$ 461,383	$ 4,516,094	$ 4,977,477

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	SPLOST Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	$ 3,411,179	$ 3,411,179
Licenses and permits	-	865,674	865,674
Charges for services	-	2,808,283	2,808,283
Fines and forfeitures	-	125,798	125,798
Investment earnings	$ 40	2,174	2,214
Other	-	11,046	11,046
Total revenues	40	7,224,154	7,224,194
EXPENDITURES			
Current:			
Public safety	-	4,285,977	4,285,977
Public works	-	309,340	309,340
Health and welfare	-	3,651,811	3,651,811
Housing and development	-	385,995	385,995
Debt service:			
Principal	2,970,000	124,002	3,094,002
Interest	185,150	18,789	203,939
Total expenditures	3,155,150	8,775,914	11,931,064
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,155,110)	(1,551,760)	(4,706,870)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,496,667	1,786,670	4,283,337
Transfers out	-	(640,947)	(640,947)
Total other financing sources (uses)	2,496,667	1,145,723	3,642,390
NET CHANGE IN FUND BALANCES	(658,443)	(406,037)	(1,064,480)
FUND BALANCES, JULY 1, 2015	1,119,826	4,401,420	5,521,246
FUND BALANCES, JUNE 30, 2016	$ 461,383	$ 3,995,383	$ 4,456,766

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Hospital Indigent	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
ASSETS								
Cash	$ 148,933	$ 50,694	$ 125,469	$ 15,907	$ 1,878,236	$ 7,054	$ 95	$ 652,879
Receivables:								
Accounts	-	-	-	-	-	-	-	195,661
Intergovernmental	-	306	-	-	-	-	-	-
Interfund	-	-	-	-	-	-	-	-
Prepaid items	-	-	1,258	500	-	-	-	-
TOTAL ASSETS	$ 148,933	$ 51,000	$ 126,727	$ 16,407	$ 1,878,236	$ 7,054	$ 95	$ 848,540
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 296,724	$ 1,029	$ 34,904	$ 15,602	$ 8,265	-	-	$ 9,973
Accrued payroll	-	739	-	-	-	-	-	20,020
Interfund payable	-	-	-	-	-	-	-	4,273
Performance bonds	-	-	-	-	-	-	-	-
Total liabilities	296,724	1,768	34,904	15,602	8,265	-	-	34,266
Fund balances:								
Nonspendable:								
Prepaid items	-	-	1,258	500	-	-	-	-
Restricted:								
Public safety	-	49,232	90,565	305	-	$ 7,054	$ 95	814,274
Public works, public safety, and recreation	-	-	-	-	1,869,971	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Unassigned	(147,791)	-	-	-	-	-	-	-
Total fund balances	(147,791)	49,232	91,823	805	1,869,971	7,054	95	814,274
TOTAL LIABILITIES AND FUND BALANCES	$ 148,933	$ 51,000	$ 126,727	$ 16,407	$ 1,878,236	$ 7,054	$ 95	$ 848,540

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
ASSETS								
Cash	-	$ 36,485	$ 71,070	$ 246,338	$ 1,020,359	$ 41,882	$ 8,483	$ 4,303,884
Receivables:								
Accounts	-	-	-	231	7,125	-	1,286	204,303
Intergovernmental	-	-	1,624	-	-	-	-	1,930
Interfund	$ 4,219	-	-	-	-	-	-	4,219
Prepaid items	-	-	-	-	-	-	-	1,758
TOTAL ASSETS	$ 4,219	$ 36,485	$ 72,694	$ 246,569	$ 1,027,484	$ 41,882	$ 9,769	$ 4,516,094
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	-	$ 48,266	$ 3,495	$ 880	$ 2,192	$ 421,330
Accrued payroll	-	-	-	52,494	13,415	2,680	-	89,348
Interfund payable	-	-	-	-	-	-	-	4,273
Performance bonds	-	-	-	-	5,760	-	-	5,760
Total liabilities	-	-	-	100,760	22,670	3,560	2,192	520,711
Fund balances:								
Nonspendable:								
Prepaid items	-	-	-	-	-	-	-	1,758
Restricted:								
Public safety	$ 4,219	-	$ 72,694	145,809	-	-	-	1,184,247
Public works, public safety, and recreation	-	-	-	-	-	-	-	1,869,971
Housing and development	-	-	-	-	1,004,814	-	7,577	1,012,391
Health and welfare	-	-	-	-	-	38,322	-	38,322
Judicial	-	$ 36,485	-	-	-	-	-	36,485
Unassigned	-	-	-	-	-	-	-	(147,791)
Total fund balances	4,219	36,485	72,694	145,809	1,004,814	38,322	7,577	3,995,383
TOTAL LIABILITIES AND FUND BALANCES	$ 4,219	$ 36,485	$ 72,694	$ 246,569	$ 1,027,484	$ 41,882	$ 9,769	$ 4,516,094

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Hospital Indigent	Drug Abuse & Treatment Education	Sheriff	Prison	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
REVENUES								
Taxes	$ 3,398,311	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	$ 293,212	$ 107,928	-	-	-	$ 994,265
Fine and forfeitures	-	$ 43,330	-	-	-	-	$ 10,947	-
Investment earnings	-	4	-	1	$ 185	$ 1	-	45
Other	-	-	9,771	-	-	-	-	-
Total revenues	3,398,311	43,334	302,983	107,929	185	1	10,947	994,310
EXPENDITURES								
Current:								
Public safety	-	35,573	429,301	109,324	-	10,409	-	869,857
Public works	-	-	-	-	309,340	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	3,546,102	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	124,002
Interest	-	-	-	-	-	-	-	18,789
Total expenditures	3,546,102	35,573	429,301	109,324	309,340	10,409	-	1,012,648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(147,791)	7,761	(126,318)	(1,395)	(309,155)	(10,408)	10,947	(18,338)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	10,947	-	-	-	-	225,723
Transfers out	-	-	-	-	-	-	(10,947)	-
Total other financing sources (uses)	-	-	10,947	-	-	-	(10,947)	225,723
NET CHANGE IN FUND BALANCES	(147,791)	7,761	(115,371)	(1,395)	(309,155)	(10,408)	-	207,385
FUND BALANCES, BEGINNING OF YEAR	-	41,471	207,194	2,200	2,179,126	17,462	95	606,889
FUND BALANCES, END OF YEAR	$ (147,791)	$ 49,232	$ 91,823	$ 805	$ 1,869,971	$ 7,054	$ 95	$ 814,274

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
REVENUES								
Taxes	$ -	-	-	-	-	-	$ 12,868	$ 3,411,179
Licenses and permits	-	-	-	-	$ 865,674	-	-	865,674
Charges for services	-	-	-	$ 1,402,024	-	$ 10,854	-	2,808,283
Fine and forfeitures	-	$ 2,950	$ 68,571	-	-	-	-	125,798
Investment earnings	-	3	12	-	1,918	5	-	2,174
Other	-	-	-	1,125	-	150	-	11,046
Total revenues	-	2,953	68,583	1,403,149	867,592	11,009	12,868	7,224,154
EXPENDITURES								
Current:								
Public safety	-	-	-	2,831,513	-	-	-	4,285,977
Public works	-	-	-	-	-	-	-	309,340
Housing and development	-	-	-	-	375,700	-	10,295	385,995
Health and welfare	-	-	-	-	-	105,709	-	3,651,811
Debt service:								
Principal	-	-	-	-	-	-	-	124,002
Interest	-	-	-	-	-	-	-	18,789
Total expenditures	-	-	-	2,831,513	375,700	105,709	10,295	8,775,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,953	68,583	(1,428,364)	491,892	(94,700)	2,573	(1,551,760)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	1,450,000	-	100,000	-	1,786,670
Transfers out	-	-	(630,000)	-	-	-	-	(640,947)
Total other financing sources (uses)	-	-	(630,000)	1,450,000	-	100,000	-	1,145,723
NET CHANGE IN FUND BALANCES	-	2,953	(561,417)	21,636	491,892	5,300	2,573	(406,037)
FUND BALANCES, BEGINNING OF YEAR	4,219	33,532	634,111	124,173	512,922	33,022	5,004	4,401,420
FUND BALANCES, END OF YEAR	$ 4,219	$ 36,485	$ 72,694	$ 145,809	$ 1,004,814	$ 38,322	$ 7,577	$ 3,995,383

EFFINGHAM COUNTY, GEORGIA
HOSPITAL INDIGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$3,000,000	$ 3,398,311	$ 398,311
EXPENDITURES			
Health and welfare	3,600,000	3,546,102	53,898
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(600,000)	(147,791)	452,209
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	$ (600,000)	$ (147,791)	$ 452,209

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 34,500	$ 44,500	$ 43,330	$ (1,170)
Investment earnings	-	-	4	4
Total revenues	34,500	44,500	43,334	(1,166)
EXPENDITURES				
Public safety	29,952	39,952	35,573	4,379
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,548	4,548	7,761	3,213
FUND BALANCES, BEGINNING OF YEAR	41,471	41,471	41,471	-
FUND BALANCES, END OF YEAR	$ 46,019	$ 46,019	$ 49,232	$ 3,213

EFFINGHAM COUNTY, GEORGIA
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$ -	$ 300,000	$ 293,212	$ (6,788)
Other	-	-	9,771	9,771
Total revenues	-	300,000	302,983	2,983
EXPENDITURES				
Public safety	-	300,000	429,301	(129,301)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(126,318)	(126,318)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,947	10,947
NET CHANGE IN FUND BALANCE	-	-	(115,371)	(115,371)
FUND BALANCES, BEGINNING OF YEAR	207,194	207,194	207,194	-
FUND BALANCES, END OF YEAR	$ 207,194	$ 207,194	$ 91,823	$ (115,371)

EFFINGHAM COUNTY, GEORGIA
PRISON FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 175,000	$ 107,928	$ (67,072)
Investment earnings	-	1	1
Total revenues	175,000	107,929	(67,071)
EXPENDITURES			
Public safety	175,000	109,324	65,676
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(1,395)	(1,395)
FUND BALANCES, BEGINNING OF YEAR	2,200	2,200	-
FUND BALANCES, END OF YEAR	$ 2,200	$ 805	$ (1,395)

EFFINGHAM COUNTY, GEORGIA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	$ -	-	$ 185	$ 185
EXPENDITURES				
Public works	-	$ 375,000	309,340	65,660
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(375,000)	(309,155)	65,845
FUND BALANCES, BEGINNING OF YEAR	2,179,126	2,179,126	2,179,126	-
FUND BALANCES, END OF YEAR	$ 2,179,126	$ 1,804,126	$ 1,869,971	$ 65,845

EFFINGHAM COUNTY, GEORGIA
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	-	$ (50,000)
Investment earnings	-	$ 1	1
Total revenues	50,000	1	(49,999)
EXPENDITURES			
Public safety	50,000	10,409	39,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(10,408)	(10,408)
FUND BALANCES, BEGINNING OF YEAR	17,462	17,462	-
FUND BALANCES, END OF YEAR	$ 17,462	$ 7,054	$ (10,408)

EFFINGHAM COUNTY, GEORGIA
STATE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	$ 10,947	$ (39,053)
EXPENDITURES			
Public safety	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	50,000	10,947	(39,053)
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,000)	(10,947)	39,053
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	95	95	-
FUND BALANCES, END OF YEAR	$ 95	$ 95	$ -

EFFINGHAM COUNTY, GEORGIA
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 878,431	$ 994,265	$ 115,834
Investment earnings	-	45	45
Total revenues	878,431	994,310	115,879
EXPENDITURES			
Current			
Public safety	1,035,654	869,857	165,797
Debt service			
Principal	124,500	124,002	498
Interest	19,000	18,789	211
Total expenditures	1,179,154	1,012,648	166,506
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(300,723)	(18,338)	282,385
OTHER FINANCING SOURCES (USES)			
Transfers in	225,723	225,723	-
NET CHANGE IN FUND BALANCE	(75,000)	207,385	282,385
FUND BALANCES, BEGINNING OF YEAR	606,889	606,889	-
FUND BALANCES, END OF YEAR	$ 531,889	$ 814,274	$ 282,385

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, 2016

	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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	-	$ 2,950	$ 2,950
Investment earnings	-	3	3
Total revenues	-	2,953	2,953
FUND BALANCES, BEGINNING OF YEAR	$ 33,532	33,532	-
FUND BALANCES, END OF YEAR	$ 33,532	$ 36,485	$ 2,953

EFFINGHAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	-	-	$ 68,571	$ 68,571
Investment earnings	-	-	12	12
Total revenues	-	-	68,583	68,583
OTHER FINANCING SOURCES (USES)				
Transfers out	-	$ (650,000)	(630,000)	20,000
NET CHANGE IN FUND BALANCE	-	(650,000)	(561,417)	88,583
FUND BALANCES, BEGINNING OF YEAR	$ 634,111	634,111	634,111	-
FUND BALANCES, END OF YEAR	$ 634,111	$ (15,889)	$ 72,694	$ 88,583

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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 1,161,798	$ 1,402,024	$ 240,226
Other	-	1,125	1,125
Total revenues	1,161,798	1,403,149	241,351
EXPENDITURES			
Public safety	3,004,860	2,831,513	173,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,843,062)	(1,428,364)	414,698
OTHER FINANCING SOURCES (USES)			
Transfers in	1,843,062	1,450,000	(393,062)
NET CHANGE IN FUND BALANCE	-	21,636	21,636
FUND BALANCES, BEGINNING OF YEAR	124,173	124,173	-
FUND BALANCES, END OF YEAR	$ 124,173	$ 145,809	$ 21,636

EFFINGHAM COUNTY, GEORGIA
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Licenses and permits	$ 401,574	$ 551,574	$ 865,674	$ 314,100
Investment earnings	-	-	1,918	1,918
Total revenues	401,574	551,574	867,592	316,018
EXPENDITURES				
Housing and development	388,995	538,995	375,700	163,295
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,579	12,579	491,892	479,313
FUND BALANCES, BEGINNING OF YEAR	512,922	512,922	512,922	-
FUND BALANCES, END OF YEAR	$ 525,501	$ 525,501	$ 1,004,814	$ 479,313

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	-	$15,000	$10,854	$ (4,146)
Investment earnings	-	-	5	5
Other	-	-	150	150
Total revenues	-	15,000	11,009	(3,991)
EXPENDITURES				
Health and welfare	$97,712	112,712	105,709	7,003
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(97,712)	(97,712)	(94,700)	3,012
OTHER FINANCING SOURCES				
Transfers in	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	2,288	2,288	5,300	3,012
FUND BALANCES, BEGINNING OF YEAR	33,022	33,022	33,022	-
FUND BALANCES, END OF YEAR	$35,310	$35,310	$38,322	$ 3,012

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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 15,000	$ 12,868	$ (2,132)
EXPENDITURES			
Housing and development	15,000	10,295	4,705
EXCESS OF REVENUES OVER EXPENDITURES	-	2,573	2,573
FUND BALANCES, BEGINNING OF YEAR	5,004	5,004	-
FUND BALANCES, END OF YEAR	$ 5,004	$ 7,577	$ 2,573

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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	$ -	-	$ 40	$ 40
EXPENDITURES				
Debt service:				
Principal	-	$ 2,970,000	2,970,000	-
Interest	-	185,150	185,150	-
Total expenditures	-	3,155,150	3,155,150	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(3,155,150)	(3,155,110)	40
OTHER FINANCING SOURCES				
Transfers in	-	3,155,150	2,496,667	(658,483)
NET CHANGE IN FUND BALANCE	-	-	(658,443)	(658,443)
FUND BALANCES, BEGINNING OF YEAR	1,119,826	1,119,826	1,119,826	-
FUND BALANCES, END OF YEAR	$ 1,119,826	$ 1,119,826	$ 461,383	$ (658,443)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2016

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 43,824	$ 43,824
Net pension asset	-	-	5,165	5,165
Capital Assets				
Systems and equipment (net of depreciation)	-	-	143,225	143,225
Total Assets	-	-	192,214	192,214
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	-	-	2,800	2,800
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	21,849	21,849
Unearned revenue	42,000	52,500	-	94,500
Total Liabilities	42,000	52,500	21,849	116,349
NET POSITION				
Net investment in capital assets	-	-	143,225	143,225
Unrestricted	(42,000)	(52,500)	29,940	(64,560)
Total Net Position	$ (42,000)	$ (52,500)	$ 173,165	$ 78,665

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 37,991	$ 37,991
OPERATING EXPENSES				
Salaries and employee benefits	-	-	30,583	30,583
Purchased services	-	-	78,277	78,277
Materials and supplies	-	-	8,539	8,539
Depreciation	-	-	800	800
Total operating expenses	-	-	118,199	118,199
OPERATING LOSS	-	-	(80,208)	(80,208)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	-	-	10	10
INCOME (LOSS) BEFORE TRANSFERS	-	-	(80,198)	(80,198)
TRANSFERS IN (OUT)	-	-	116,863	116,863
CHANGE IN NET POSITION	-	-	36,665	36,665
NET POSITION, BEGINNING OF YEAR	(42,000)	(52,500)	136,500	42,000
NET POSITION, END OF YEAR	$ (42,000)	$ (52,500)	$ 173,165	$ 78,665

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ -	$ -	$ 38,598	$ 38,598
Cash payments to employees for services	-	-	(43,052)	(43,052)
Cash payments for goods and services	-	-	(73,331)	(73,331)
Net cash used by operating activities	-	-	(77,785)	(77,785)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers	-	-	68,855	68,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	(144,025)	(144,025)
Transfers from capital projects fund	-	-	48,008	48,008
Net cash provided (used) by capital and related financing activities	-	-	(96,017)	(96,017)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	-	-	10	10
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(104,937)	(104,937)
CASH AND CASH EQUIVALENTS, JULY 1, 2015	-	-	148,761	148,761
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	$ -	$ -	$ 43,824	$ 43,824
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ (80,208)	$ (80,208)
Adjustments:				
Depreciation	-	-	800	800
(Increase) decrease in operating assets				
Accounts receivable	-	-	607	607
Net pension asset	-	-	840	840
Increase (decrease) in deferred outflows of resources - Resources related to pensions	-	-	(1,050)	(1,050)
Increase (decrease) in operating liabilities				
Accounts payable	-	-	13,485	13,485
Accrued payroll	-	-	(2,980)	(2,980)
Compensated absences payable	-	-	(9,279)	(9,279)
Net cash used by operating activities	$ -	$ -	$ (77,785)	$ (77,785)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Probation	Total
ASSETS							
Cash	$ 1,086,523	$ 87,857	$ 227,837	$ 7,624	$ 98,668	$ 18,300	$ 1,526,809
LIABILITIES							
Due to other entities and individuals	$ 1,086,523	$ 87,857	$ 227,837	$ 7,624	$ 98,668	$ 18,300	$ 1,526,809

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Tax Commissioner				
Assets				
Cash	$ 1,093,550	$ 65,891,778	$ 65,898,805	$ 1,086,523
Liabilities				
Due to other entities and individuals	$ 1,093,550	$ 65,891,778	$ 65,898,805	$ 1,086,523
Probate Court				
Assets				
Cash	$ 62,163	$ 425,511	$ 399,817	$ 87,857
Liabilities				
Due to other entities and individuals	$ 62,163	$ 425,511	$ 399,817	$ 87,857
Clerk of Courts				
Assets				
Cash	$ 123,439	$ 2,684,759	$ 2,580,361	$ 227,837
Liabilities				
Due to other entities and individuals	$ 123,439	$ 2,684,759	$ 2,580,361	$ 227,837
Magistrate Court				
Assets				
Cash	$ 7,971	$ 221,932	$ 222,279	$ 7,624
Liabilities				
Due to other entities and individuals	$ 7,971	$ 221,932	$ 222,279	$ 7,624
Sheriff				
Assets				
Cash	$ 97,466	$ 116,766	$ 115,564	$ 98,668
Liabilities				
Due to other entities and individuals	$ 97,466	$ 116,766	$ 115,564	$ 98,668
Probation				
Assets				
Cash	$ 11,322	$ 219,372	$ 212,394	$ 18,300
Liabilities				
Due to other entities and individuals	$ 11,322	$ 219,372	$ 212,394	$ 18,300
Total Agency Funds				
Assets				
Cash	$ 1,395,911	$ 69,560,118	$ 69,429,220	$ 1,526,809
Liabilities				
Due to other entities and individuals	$ 1,395,911	$ 69,560,118	$ 69,429,220	$ 1,526,809

EFFINGHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2016

	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	$ 7,579,639	$ 328,250	$ 7,907,889	99%
Roads, streets and bridges	16,225,000	16,225,000	14,895,580	(170,792)	14,724,788	91%
Drainage projects	5,000,000	5,000,000	226,721	-	226,721	5%
Recreation projects	4,300,000	4,300,000	815,935	-	815,935	19%
Vehicles and equipment	3,000,000	3,000,000	1,014,398	-	1,014,398	34%
Technology projects	1,000,000	1,000,000	1,000,000	-	1,000,000	100%
Water and sewer	3,000,000	3,002,164	3,002,164	-	3,002,164	100%
Intergovernmental:						
City of Rincon	5,830,000	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	$35,854,894	157,458	$36,012,352	72.0%
		2006 SPLOST total expenditures		$ 157,458		
2012 SPLOST						
County jail	$16,000,000	$16,000,000	$ 6,070,317	$ 2,340,000	$ 8,410,317	53%
Public buildings	2,692,000	2,692,000	311,523	745,035	1,056,558	39%
Roads, streets and bridges	32,500,000	32,500,000	4,146,730	3,382,076	7,528,806	23%
Drainage projects	1,100,000	1,100,000	371,543	-	371,543	34%
Recreation projects	4,000,000	4,000,000	1,359,269	203,389	1,562,658	39%
Vehicles and equipment	2,875,000	2,875,000	838,274	1,058,066	1,896,340	66%
Technology projects	600,000	600,000	49,458	39,475	88,933	15%
Intergovernmental:						
City of Rincon	6,296,400	6,296,400	2,288,748	695,926	2,984,674	47%
City of Springfield	2,619,000	2,619,000	739,024	224,705	963,729	37%
City of Guyton	1,317,600	1,317,600	435,827	132,518	568,345	43%
	$70,000,000	$70,000,000	$16,610,713	8,821,190	$25,431,903	36.3%
		Debt service funded by transfer from County Jail fund		630,000		
		Road projects funded by Department of Transportation grants		634,643		
		2012 SPLOST total expenditures		$ 10,085,833		
		Total SPLOST expenditures		$ 10,243,291		
		SPLOST capital projects fund total expenditures		$ 7,040,132		
		SPLOST capital projects fund transfer out to Landfill fund		48,009		
		SPLOST debt service fund total expenditures		3,155,150		
				$ 10,243,291		

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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, 2016, 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 6, 2016. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described below as finding 2016-1, that we consider to be a material weakness.

2016-1 Accounting for capital leases

During our audit we noted new capital leases and related assets for cell tower improvements and E911 equipment that were not recorded in the County's financial statements or debt schedules. The capital lease for cell tower improvements had an inception date that was in the prior fiscal year and a prior period adjustment was required to record it in the government-wide financial statements. At the inception of capital leases at the governmental fund reporting level, expenditures and an other financing source called "proceeds from capital leases" of an equal amount should be recorded at the net present value of the future minimum lease payments.

County response: We will enforce and enhance the County's procedures to insure a review of all capital leases and associated financial statement entries associated with them. Procedures in place to review asset additions, the debt schedule and final asset listing will be signed off on by the finance director. We will add all financing instruments to the debt schedule and necessary entries to record them at the time of approval for final validation at year end.

Compliance and Other Matters

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

Effingham County, Georgia's Response to Finding

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

Purpose of this Report

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.

Lanier, Westerfield, Cook & Proctor

Statesboro, Georgia
December 6, 2016