**EFFINGHAM COUNTY, GEORGIA**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

## TABLE OF CONTENTS


| | Page |
|---|---|
| Independent Auditor's Report | 3 |
| Management's Discussion and Analysis (Unaudited) | 5 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 14 |
| Statement of Activities | 15 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund | 20 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Tax District | 22 |
| Statement of Net Position - Proprietary Funds | 23 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 24 |
| Statement of Cash Flows - Proprietary Funds | 25 |
| Statement of Net Position - Fiduciary Funds | 26 |
| Statement of Changes in Net Position - Fiduciary Funds | 27 |
| Notes to the Financial Statements | 28 |
| Required Supplementary Information: | |
| Effingham County Board of Commissioners Defined Benefit Plan | 53 |
| Notes to the Effingham County Board of Commissioners Defined Benefit Plan | 54 |
| Supplementary Information: | |
| Non-Major Funds: | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 55 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds | 56 |
| Nonmajor Special Revenue Funds: | |
| Combining Balance Sheet | 57 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 59 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Education Fund | 61 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Abuse & Treatment Education Fund | 62 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sheriff Funds | 63 |
| Schedule of Revenues, Expenditures, and Changes in Fund | |

Balance - Budget and Actual - Prison Funds 64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Impact Fees Fund 65
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Seizure Fund 66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State Condemnation Fund 67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - E-911 Fund 68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Wireless E-911 Fund 69
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Juvenile Services Fund 70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - County Jail Fund 71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Taxing District Fund 72
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Inspections & Zoning Fund 73
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Senior Citizens Activity Fund 74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hotel Motel Tax Fund 75

Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund 76

Nonmajor Proprietary Funds:
Combining Statement of Net Position 77
Combining Statement of Revenues, Expenditures and Changes in Net Position 78
Combining Statement of Cash Flows 79

Fiduciary Funds - Agency Funds:
Combining Statement of Fiduciary Assets and Liabilities 80
Combining Statement of Changes in Assets and Liabilities 81

Schedule of Projects Paid with Special Purpose Local Option Sales Tax Proceeds 82

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* 83

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards 85

Notes to Schedule of Expenditures of Federal Awards 86

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 87

Schedule of Findings and Questioned Costs 89

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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, 2017, 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 1.2%, 1.0%, and 2.0%, respectively, of the assets, net position, and revenues of Effingham County, Georgia.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Effingham County Board of Health, a discretely presented component unit, which represents 1.2%, 1.0%, and 2.0% respectively, of the assets, net position, and revenues of Effingham County, Georgia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Effingham County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2017, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of projects paid with special purpose local option sales tax proceeds, and schedule of expenditures of federal awards 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, schedule of projects paid with special purpose local option sales tax proceeds, and schedule of expenditures of federal awards 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 February 22, 2018, 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, Dal & Proctor

Statesboro, GA
February 22, 2018

This Management's Discussion and Analysis (MD&A) section offers you, the reader, a narrative overview and analysis of the financial activities of Effingham County, Georgia for the fiscal year ended June 30, 2017. The MD&A presents both current year and prior year financial information for comparative reporting.

**Financial Highlights**

- The County's assets exceeded its liabilities by $117,801,651 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $93,125,153 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 $19,604,082 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $5,072,416 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 $26,080,757 this year. This compares to the prior year ending fund balance of $26,590,010 showing a decrease of $509,253 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 $1,719,594.
  (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 $895,827 or 3.10% of total General Fund expenditures for the fiscal year ending June 30, 2017.

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

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Effingham County's basic financial statements. The basic financial statements include Government-wide and fund financial statements as well as notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These statements are described herein:

***Government-wide Financial Statements***

The Government-wide financial statements are designed to provide a broad overview of the finances of Effingham County, Georgia, in a manner similar to a private-sector business. The Government-wide statements include a Statement of Net Position and a Statement of Activities.

The Statement of Net Position shows all of the County's assets and liabilities, and the difference between the two is reported as net position. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.

The Statement of Activities presents information showing how the net position changed during the fiscal year. The statement presents all underlying events that gave rise to the change, regardless of the timing of the related cash flow. Consequently, revenues and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Both statements distinguish governmental activities of Effingham County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). 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 a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Effingham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Effingham County can be divided into three categories: governmental, proprietary and fiduciary.

**Governmental 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.

**Proprietary funds**

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.

**Fiduciary Funds**

Effingham County uses fiduciary funds to account for resources held for the benefit of parties outside county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because their resources are not available to support the County's own programs.

***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 $117,801,651. The following table provides a summary of the County's net position:

**Summary of Net Position (in millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets: | | | | | | |
| Current Assets | 31.9 | 30.0 | 3.6 | 4.5 | 35.5 | 34.5 |
| Net Pension Asset | 0.4 | 0.5 | - | - | .4 | .5 |
| Capital Assets | 87.4 | 86.7 | 33.4 | 32.8 | 120.8 | 119.5 |
| Total Assets | 119.7 | 117.2 | 37.0 | 37.3 | 156.7 | 154.5 |
| Deferred Outflows of Resources | 1.0 | 1.0 | - | - | 1.0 | 1.0 |
| Liabilities | | | | | | |
| Current Liabilities | 9.9 | 7.2 | 5.9 | 6.0 | 15.8 | 13.2 |
| Long- Term Liabilities | 5.2 | 8.8 | 18.9 | 20.4 | 24.1 | 29.2 |
| Total Liabilities | 15.1 | 16.0 | 24.8 | 26.4 | 39.9 | 42.4 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 80.3 | 76.4 | 12.8 | 10.8 | 93.1 | 87.2 |
| Restricted | 19.6 | 20.5 | - | - | 19.6 | 20.5 |
| Unrestricted | 5.7 | 5.3 | -.6 | 0.1 | 5.1 | 5.4 |
| Total Net Position | 105.6 | 102.2 | 12.2 | 10.9 | 117.8 | 113.1 |

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $3,444,272 for governmental activities and increased by $1,243,272 for business-type activities. Note that approximately 76.1% of the Governmental Activities' net position is invested in capital. The County uses these capital assets to provide services to its citizens. However, with business type activities, water, sewer, and sanitation, the County has negative 629 thousand of unrestricted, undesignated and 12.8 million invested in capital assets with total net position of 12.2 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**

| | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Governmental Activities | Business Activities | Total | % of Total | Governmental Activities | Business Activities | Total | % of Total |
| Revenues: | | | | | | | | |
| Program: | | | | | | | | |
| Charges for services | $ 8,503,270 | $ 7,471,625 | $ 15,974,895 | 27% | $ 7,998,597 | $ 7,232,830 | $ 15,231,427 | 28% |
| Operating grants | 3,302,532 | 420,977 | 3,723,509 | 6% | 2,130,106 | - | 2,130,106 | 4% |
| Capital grants | 1,469,612 | - | 1,469,612 | 3% | 660,812 | - | 660,812 | 1% |
| General: | | | | | | | | |
| Taxes | 37,390,226 | | 37,390,226 | 63% | 35,296,709 | | 35,296,709 | 65% |
| Other | 365,681 | 1,233 | 366,914 | 1% | 996,314 | 124,446 | 1,120,760 | 2% |
| Total revenues | **51,031,321** | **7,893,835** | **58,925,156** | **100%** | **47,082,538** | **7,357,276** | **54,439,814** | **100%** |
| Program Expenses: | | | | | | | | |
| General government | 5,553,594 | - | 5,553,594 | 11% | 5,619,450 | - | 5,619,450 | 11% |
| Judicial | 2,966,903 | - | 2,966,903 | 6% | 2,777,553 | - | 2,777,553 | 6% |
| Public safety | 22,213,315 | - | 22,213,315 | 42% | 20,983,225 | - | 20,983,225 | 42% |
| Public works | 5,638,039 | - | 5,638,039 | 11% | 5,328,103 | - | 5,328,103 | 11% |
| Health and welfare | 5,174,825 | - | 5,174,825 | 10% | 4,657,615 | - | 4,657,615 | 9% |
| Culture and recreation | 2,000,712 | - | 2,000,712 | 4% | 1,926,082 | - | 1,926,082 | 4% |
| Housing and development | 817,946 | - | 817,946 | 2% | 626,610 | - | 626,610 | 1% |
| Interest | 146,615 | - | 146,615 | 0% | 292,041 | - | 292,041 | 1% |
| Water | - | 3,054,876 | 3,054,876 | 5% | - | 3,196,045 | 3,196,045 | 6% |
| Sewer | - | 1,314,621 | 1,314,621 | 2% | - | 1,433,661 | 1,433,661 | 3% |
| Sanitation | - | 3,775,055 | 3,775,055 | 7% | - | 3,103,356 | 3,103,356 | 6% |
| Other | - | 81,111 | 81,111 | 0% | - | 118,199 | 118,199 | 0% |
| Total expenses | **44,511,949** | **8,225,663** | **52,737,612** | **100%** | **42,210,679** | **7,851,261** | **50,061,940** | **100%** |
| Excess | 6,519,372 | (331,828) | 6,187,544 | | 4,871,859 | (493,985) | 4,377,874 | |
| Transfers | (1,575,100) | 1,575,100 | - | | (1,616,863) | 1,616,863 | - | |
| Special Item Legal Settlement | (1,500,000) | - | (1,500,000) | | - | - | - | |
| Change in net position | 3,444,272 | 1,243,272 | 4,687,544 | | 3,254,996 | 1,122,878 | 4,377,874 | |
| Beginning net position | 102,207,985 | 10,906,122 | 113,114,107 | | 99,251,854 | 9,783,244 | 109,035,098 | |
| Prior period adjustment | - | - | - | | (298,863) | - | (298,863) | |
| Ending net position | **$ 105,652,257** | **$ 12,149,394** | **$ 117,801,651** | | **$ 102,207,987** | **$ 10,906,122** | **$ 113,114,109** | |

**Governmental Revenues**

The County is heavily reliant on property and sales taxes to support governmental operations. In 2017, excluding property taxes for the hospital authority, property taxes provided 33.38% of the County's governmental revenues. Inclusive of hospital property taxes, total property taxes provided 41.12% of governmental revenues and sales taxes provided 26.45% of the County's governmental revenues. Charges for services and other program revenues cover only 29.82% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 70.18% 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 49.90% (49.71% in 2016) of the County's total governmental expenses. The public works function makes up 12.67% (12.62% in 2016) 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.

| Functional Expenses | Total Cost of Services | Net Cost of Services |
|---|---|---|
| General government | $ 5,553,594 | $ 4,326,175 |
| Judicial | 2,966,903 | 2,783,219 |
| Public safety | 22,213,315 | 13,062,869 |
| Public works | 5,638,039 | 4,168,427 |
| Health and welfare | 5,174,825 | 4,915,313 |
| Culture and recreation | 2,000,712 | 1,706,152 |
| Housing and development | 817,946 | 127,765 |
| Interest on long-term debt | 146,615 | 146,615 |
| **Total** | **$ 44,511,949** | **$ 31,236,535** |

**Business-Type Activities**

The County is in its fourteenth year of the development of its water and sewer operations. The operating revenues for water, sewer, and wastewater in 2017 were $4,124,100 and $3,848,453 for 2016. Operating expenses for 2017 were $3,659,742 and $3,894,812 for 2016. Operating income of $464,358 was earned for 2017 and for 2016 the operating loss was $46,359.

The operating revenues for the sanitation fund were $3,345,012 for 2017 and $3,346,386 for 2016. This activity resulted in an operating loss of $430,043.

## FUND LEVEL FINANCIAL STATEMENTS

**Financial Analysis of the County's Funds**

***Governmental Funds***

Governmental funds are reported in the fund statements with a short-term focus on the inflow and outflow of spendable resources. 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 $26,080,757. Of this year-end total, $-120,681 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: $9,377,768 committed to approved SPLOST projects from sales tax, and $1,957,196 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 $509,253 or 1.92% of the prior years' total fund balance. This decrease is primarily the result of both events and programs described within the analysis of the County's governmental activities presented in the next section.

***Major Governmental Funds***

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by $1,367,449 from the prior year. This was due primarily to an excess of revenues over expenditures or transfers.

Property tax revenues have increased slightly from the prior year collections. The digest increased from $1,607,721,177 for tax year 2016 to $1,663,876,132 for tax year 2017. In fiscal year 2017, 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 25.45% 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, consistent with the prior year. Major groupings of expenditures showed:

General fund general government costs decreased from $4,853,222 in 2016 to $4,516,841 in 2017.

General fund public safety costs decreased from $15,841,179 in 2016 to $15,633,135 in 2017.

General fund public works costs increased from $2,065,954 in 2016 to $2,672,621 in 2017.

***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 $475,001 primarily related to property taxes and intergovernmental revenue. The actual revenue from charges and services was $408,565 above the final budget. Property taxes were $191,430 above the final budgeted revenue. For investment earnings, the revenue was below budget by $431.

***Expenditures*** - The expenditure side of the original budget for the General Fund was revised upward for various items including $1,000,427 for heavy equipment acquired for road maintenance.

## 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, 2017, was $87,391,400 and $33,251,662 respectively. The total net increase in this net investment was $701,532 for governmental activities, and a $488,196 increase for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $6,426,961. Depreciation for governmental activities was $5,619,548. Business-type assets depreciation was $999,663.

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 | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Non-depreciable assets: | | | | | | |
| Land | $ 13,073,721 | $ 13,073,721 | $ 1,086,706 | $ 1,086,706 | $ 14,160,427 | $ 14,160,427 |
| Easements | 298,144 | 298,144 | 152,358 | 152,358 | 450,502 | 450,502 |
| Construction in progress | 8,930,128 | 3,727,322 | 407,130 | 464,529 | 9,337,258 | 4,191,851 |
| Total non-depreciable assets | 22,301,993 | 17,099,187 | 1,646,194 | 1,703,593 | 23,948,187 | 18,802,780 |
| **Depreciable assets:** | | | | | | |
| Buildings | 54,607,999 | 54,568,309 | 16,842,312 | 16,842,312 | 71,450,311 | 71,410,621 |
| Other equipment | 27,294,176 | 27,112,045 | 2,600,067 | 2,600,067 | 29,894,243 | 29,712,112 |
| Infrastructure | 118,354,816 | 118,250,883 | 24,271,677 | 22,726,419 | 142,626,493 | 140,977,302 |
| **Total depreciable assets** | 200,256,991 | 199,931,237 | 43,714,056 | 42,168,798 | 243,971,047 | 242,100,035 |
| Less accumulated depreciation | 135,167,584 | 130,340,556 | 12,108,588 | 11,108,925 | 147,276,172 | 141,449,481 |
| Book value - depreciable assets | 65,089,407 | 69,590,681 | 31,605,468 | 31,059,873 | 96,694,875 | 100,650,554 |
| Remaining to depreciate | 33% | 35% | 72% | 74% | 40% | 42% |
| **Book value - all assets** | $ 87,391,400 | $ 86,689,868 | $ 33,251,662 | $ 32,763,466 | $ 120,643,062 | $ 119,453,334 |

At June 30, 2017, the depreciable capital assets for governmental activities had 33% 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 $7,180,788 and notes payable within the Business-type activities of $20,473,191.

During the year, the County retired $128,454 of the E-911 capital lease and $268,343 of the capital lease for the patrol cars. Additional capital leases were made for public works heavy equipment. 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 2017 $3,055,000 was retired.

| | Governmental Activities | | Percentage |
|---|---|---|---|
| | 2017 | 2016 | Change |
| Capital leases | $ 7,180,788 | $ 10,533,027 | -32% |
| Landfill closure and postclosure care | 1,719,594 | 1,697,526 | 1% |
| Compensated absences | 871,059 | 913,696 | -5% |
| Total | $ 9,771,441 | $ 13,144,249 | -26% |

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 comprises 477.7 square miles with a population density of 122.9 people per square mile. The County has experienced moderate economic growth during the past year. The County has a population of 58,712 people with a median age of 36.1. The economy employs 25,352 people with a median household income of $62,820.

The economy specialized in Transportation & Warehousing; Utilities; and Manufacturing, which employ respectively 2.3; 1.88; and 1.58 times more people than what would be expected in a location of this size. The largest industries in Effingham County, GA are Manufacturing (4,177), Retail trade (3,312), and Transportation & Warehousing (2,387), and the highest paying industries are Utilities ($81,750), Transportation & Warehousing ($44,375), and Agriculture, Forestry, Fishing, Hunting ($43,393).

Effingham County is the 39th most populated county in the state of Georgia out of 159 counties. The county borders Bryan County, GA; Bulloch County, GA; Chatham County, GA; Screven County, GA; Hampton County, SC and Jasper County, SC.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any information provided in this report or request for additional financial information may be addressed to the Effingham County Finance Director at 601 North Laurel Street, Springfield, Georgia 31329.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF NET POSITION
JUNE 30, 2017

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Effingham County Board of Health |
| **ASSETS** | | | | |
| **Current Assets:** | | | | |
| Cash and cash equivalents | $ 26,876,894 | $ 2,786,904 | $ 29,663,798 | $ 1,830,372 |
| Restricted cash | 172,143 | - | 172,143 | - |
| Receivables: | | | | |
| Accounts | 892,096 | 390,908 | 1,283,004 | 25,851 |
| Taxes | 849,332 | - | 849,332 | - |
| Intergovernmental | 2,590,411 | 420,976 | 3,011,387 | 27,321 |
| Internal balances | 55 | (55) | - | - |
| Inventories | 11,019 | 9,611 | 20,630 | - |
| Prepaid items | 530,673 | 2,381 | 533,054 | - |
| **Total Current Assets** | 31,922,623 | 3,610,725 | 35,533,348 | 1,883,544 |
| **Net Pension Asset** | 370,692 | 13,038 | 383,730 | - |
| **Capital Assets:** | | | | |
| Nondepreciable capital assets | 22,301,993 | 1,646,194 | 23,948,187 | - |
| Depreciable capital assets, net | 65,089,407 | 31,605,468 | 96,694,875 | 18,117 |
| **Total Capital Assets** | 87,391,400 | 33,251,662 | 120,643,062 | 18,117 |
| **Total Assets** | 119,684,715 | 36,875,425 | 156,560,140 | 1,901,661 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Resources related to pensions | 1,033,577 | 21,340 | 1,054,917 | 175,533 |
| **LIABILITIES** | | | | |
| **Current Liabilities:** | | | | |
| Accounts payable | 4,298,090 | 1,608,991 | 5,907,081 | 31,438 |
| Accrued interest payable | 135,290 | 54,591 | 189,881 | - |
| Other accrued liabilities | 618,960 | 5,846 | 624,806 | - |
| Performance bonds | 175,186 | - | 175,186 | - |
| Customer deposits | - | 205,675 | 205,675 | - |
| Unearned revenue | 47,200 | 2,395,493 | 2,442,693 | - |
| Compensated absences payable | 522,635 | 1,993 | 524,628 | 8,079 |
| Capital leases payable | 4,007,937 | - | 4,007,937 | - |
| Notes payable | - | 1,593,847 | 1,593,847 | - |
| **Total Current Liabilities** | 9,805,298 | 5,866,436 | 15,671,734 | 39,517 |
| **Long-Term Liabilities:** | | | | |
| Notes payable (net of current portion) | - | 18,879,344 | 18,879,344 | - |
| Compensated absences payable (net of current portion) | 348,424 | 1,328 | 349,752 | 32,317 |
| Capital leases payable (net of current portion) | 3,172,851 | - | 3,172,851 | - |
| Landfill closure and postclosure care costs | 1,719,594 | - | 1,719,594 | - |
| Net pension liability | - | - | - | 741,931 |
| **Total Long-Term Liabilities** | 5,240,869 | 18,880,672 | 24,121,541 | 774,248 |
| **Total Liabilities** | 15,046,167 | 24,747,108 | 39,793,275 | 813,765 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Resources related to pensions | 19,868 | 263 | 20,131 | 42,131 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 80,346,682 | 12,778,471 | 93,125,153 | 18,117 |
| Restricted for: | | | | |
| Capital projects | 9,241,698 | - | 9,241,698 | - |
| Service delivery to unincorporated areas | 6,057,113 | - | 6,057,113 | - |
| Debt service | 266,697 | - | 266,697 | - |
| Other purposes | 4,038,574 | - | 4,038,574 | 300,000 |
| Unrestricted | 5,701,493 | (629,077) | 5,072,416 | 903,181 |
| **Total Net Position** | $ 105,652,257 | $ 12,149,394 | $ 117,801,651 | $ 1,221,298 |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| Program/Function | Expenses | Program Revenues: Fees, Fines, and Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Unit: Effingham County Board of Health |
|---|---|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | | | |
| **Governmental Activities** | | | | | | | | |
| General government | $ 5,553,594 | $ 1,180,121 | $ 47,298 | - | $ (4,326,175) | $ - | $ (4,326,175) | |
| Judicial | 2,966,903 | 115,253 | 68,431 | - | (2,783,219) | - | (2,783,219) | |
| Public safety | 22,213,315 | 6,223,155 | 2,927,291 | - | (13,062,869) | - | (13,062,869) | |
| Public works | 5,638,039 | - | - | $ 1,469,612 | (4,168,427) | - | (4,168,427) | |
| Health and welfare | 5,174,825 | - | 259,512 | - | (4,915,313) | - | (4,915,313) | |
| Culture and recreation | 2,000,712 | 294,560 | - | - | (1,706,152) | - | (1,706,152) | |
| Housing and development | 817,946 | 690,181 | - | - | (127,765) | - | (127,765) | |
| Interest and fiscal charges | 146,615 | - | - | - | (146,615) | - | (146,615) | |
| **Total governmental activities** | 44,511,949 | 8,503,270 | 3,302,532 | 1,469,612 | (31,236,535) | - | (31,236,535) | - |
| **Business-type Activities** | | | | | | | | |
| Water and Sewer | 3,054,876 | 3,197,143 | 21,449 | - | - | 163,716 | 163,716 | - |
| Wastewater Treatment Plant | 1,314,621 | 926,957 | - | - | - | (387,664) | (387,664) | - |
| Sanitation | 3,775,055 | 3,345,012 | 399,528 | - | - | (30,515) | (30,515) | - |
| Other | 81,111 | 2,513 | - | - | - | (78,598) | (78,598) | - |
| **Total business-type activities** | 8,225,663 | 7,471,625 | 420,977 | - | - | (333,061) | (333,061) | |
| **Total - Primary Government** | $ 52,737,612 | $ 15,974,895 | $ 3,723,509 | $ 1,469,612 | (31,236,535) | (333,061) | (31,569,596) | - |
| **Component Unit:** | | | | | | | | |
| Effingham County Board of Health | $ 911,064 | $ 383,036 | $ 581,046 | $ - | | | | $ 53,018 |
| | | **General Revenues** | | | | | | |
| | | Property taxes levied for general government purposes | | | 17,034,668 | - | 17,034,668 | - |
| | | Property taxes levied for hospital | | | 3,947,451 | - | 3,947,451 | - |
| | | Sales taxes | | | 13,495,815 | - | 13,495,815 | - |
| | | Insurance premium tax | | | 2,171,430 | - | 2,171,430 | - |
| | | Other taxes | | | 740,862 | - | 740,862 | - |
| | | Insurance recoveries | | | 207,299 | - | 207,299 | |
| | | Investment earnings | | | 15,533 | 1,233 | 16,766 | - |
| | | Other | | | 142,849 | - | 142,849 | 202,981 |
| | | **Total General Revenues** | | | 37,755,907 | 1,233 | 37,757,140 | 202,981 |
| | | **Transfers** | | | (1,575,100) | 1,575,100 | - | - |
| | | **Special Item - Legal settlement** | | | (1,500,000) | - | (1,500,000) | - |
| | | **Total General Revenues, Transfers, and Special Items** | | | 34,680,807 | 1,576,333 | 36,257,140 | 202,981 |
| | | **Change in Net Position** | | | 3,444,272 | 1,243,272 | 4,687,544 | 255,999 |
| | | **Net Position Beginning of Year** | | | 102,207,985 | 10,906,122 | 113,114,107 | 965,299 |
| | | **Net Position End of Year** | | | $ 105,652,257 | $ 12,149,394 | $ 117,801,651 | $ 1,221,298 |

See accompanying note to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

| | General | Special Tax District | SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 6,409,691 | $ 5,987,113 | $ 9,686,903 | $ 4,793,187 | $ 26,876,894 |
| Restricted cash | 172,143 | - | - | - | 172,143 |
| Receivables: | | | | | |
| Accounts | 342,896 | - | - | 549,200 | 892,096 |
| Taxes | 779,332 | 70,000 | - | - | 849,332 |
| Intergovernmental | 1,238,153 | - | 771,222 | 581,036 | 2,590,411 |
| Interfund | 384,245 | - | - | 4,219 | 388,464 |
| Inventories | 11,019 | - | - | - | 11,019 |
| Prepaid items | 530,173 | - | - | 500 | 530,673 |
| TOTAL ASSETS | $ 9,867,652 | $ 6,057,113 | $ 10,458,125 | $ 5,928,142 | $ 32,311,032 |
| LIABILITIES | | | | | |
| Accounts payable | $ 1,071,662 | - | $ 1,080,357 | $ 2,146,071 | $ 4,298,090 |
| Accrued liabilities | 521,146 | - | - | 97,814 | 618,960 |
| Performance bonds | 168,601 | - | - | 6,585 | 175,186 |
| Interfund payable | - | - | - | 388,409 | 388,409 |
| Unearned revenue | 47,200 | - | - | - | 47,200 |
| TOTAL LIABILITIES | 1,808,609 | - | 1,080,357 | 2,638,879 | 5,527,845 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 702,430 | - | - | - | 702,430 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 11,019 | - | - | - | 11,019 |
| Prepaid items | 530,173 | - | - | 500 | 530,673 |
| Restricted | | | | | |
| Landfill closure and post-closure | 1,719,594 | - | - | - | 1,719,594 |
| Special service district - unincorporated area | - | $ 6,057,113 | - | - | 6,057,113 |
| Public safety | - | - | - | 1,957,196 | 1,957,196 |
| Public works, public safety, and recreation | - | - | - | 1,985,476 | 1,985,476 |
| Housing and development | - | - | - | 10,309 | 10,309 |
| Health and welfare | - | - | - | 46,447 | 46,447 |
| Judicial | - | - | - | 39,146 | 39,146 |
| Capital projects - SPLOST | - | - | 9,377,768 | - | 9,377,768 |
| Debt service | - | - | - | 266,697 | 266,697 |
| Committed | | | | | |
| Economic stabilization | 4,200,000 | - | - | - | 4,200,000 |
| Unassigned | 895,827 | - | - | (1,016,508) | (120,681) |
| TOTAL FUND BALANCES | 7,356,613 | 6,057,113 | 9,377,768 | 3,289,263 | 26,080,757 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $ 9,867,652 | $ 6,057,113 | $ 10,458,125 | $ 5,928,142 | $ 32,311,032 |

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, 2017

| | | |
|---|---|---|
| **Amounts reported for governmental activities in the statement of net position are different because:** | | |
| **Total Governmental Fund Balances** | | $ 26,080,757 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Cost | $ 222,558,984 | |
| Less accumulated depreciation | (135,167,584) | 87,391,400 |
| The net pension asset is not an available resource and therefore is not reported in the funds. | | 370,692 |
| Deferred outflows and deferred inflows of resources related to pensions are not reported in the governmental funds: | | |
| Deferred outflows | 1,033,577 | |
| Deferred inflows | (19,868) | 1,013,709 |
| 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 | | 702,430 |
| 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 | $ (135,290) | |
| Capital leases payable | (7,180,788) | |
| Landfill closure and post-closure care costs | (1,719,594) | |
| Compensated absences payable | (871,059) | (9,906,731) |
| **Net Position Of Governmental Activities** | | $ 105,652,257 |

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, 2017

| | General | Special Tax District | SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Taxes | $ 22,142,410 | $ 3,487,631 | $ 7,803,492 | $ 3,961,109 | $ 37,394,642 |
| Licenses and permits | 36,250 | - | - | 690,182 | 726,432 |
| Intergovernmental | 2,574,172 | - | 836,465 | 859,852 | 4,270,489 |
| Charges for services | 3,312,005 | - | - | 3,117,856 | 6,429,861 |
| Fines and forfeitures | 1,236,193 | - | - | 110,785 | 1,346,978 |
| Investment earnings | 9,569 | - | 55,216 | 5,964 | 70,749 |
| Other | 107,287 | - | - | 35,562 | 142,849 |
| Total revenues | 29,417,886 | 3,487,631 | 8,695,173 | 8,781,310 | 50,382,000 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 4,516,841 | - | - | - | 4,516,841 |
| Judicial | 2,886,584 | - | - | - | 2,886,584 |
| Public safety | 15,633,135 | - | - | 4,518,973 | 20,152,108 |
| Public works | 2,672,621 | - | - | 462,605 | 3,135,226 |
| Health and welfare | 700,751 | - | - | 4,472,298 | 5,173,049 |
| Culture and recreation | 1,815,112 | - | - | - | 1,815,112 |
| Housing and development | 243,364 | - | - | 656,817 | 900,181 |
| Capital outlay | | | | | |
| General government | - | - | 23,765 | - | 23,765 |
| Public safety | - | - | 57,921 | - | 57,921 |
| Public works | - | - | 29,743 | - | 29,743 |
| Culture and recreation | - | - | 4,703,327 | - | 4,703,327 |
| Intergovernmental | - | - | 1,140,687 | - | 1,140,687 |
| Debt service: | | | | | |
| Principal | 401,310 | - | 266,015 | 3,183,454 | 3,850,779 |
| Interest | 38,165 | - | 169,501 | 154,937 | 362,603 |
| Total expenditures | 28,907,883 | - | 6,390,959 | 13,449,084 | 48,747,926 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 510,003 | 3,487,631 | 2,304,214 | (4,667,774) | 1,634,074 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | 7,828 | - | - | - | 7,828 |
| Proceeds from capital lease | 658,497 | - | - | - | 658,497 |
| Insurance recoveries | 265,448 | - | - | - | 265,448 |
| Transfers in | 773 | - | - | 5,002,844 | 5,003,617 |
| Transfers out | (75,100) | (3,500,160) | (3,000,884) | (2,573) | (6,578,717) |
| Total other financing sources (uses) | 857,446 | (3,500,160) | (3,000,884) | 5,000,271 | (643,327) |
| SPECIAL ITEM | | | | | |
| Legal settlement | - | - | - | (1,500,000) | (1,500,000) |
| NET CHANGE IN FUND BALANCES | 1,367,449 | (12,529) | (696,670) | (1,167,503) | (509,253) |
| FUND BALANCES, JULY 1, 2016 | 5,989,164 | 6,069,642 | 10,074,438 | 4,456,766 | 26,590,010 |
| FUND BALANCES, JUNE 30, 2017 | $ 7,356,613 | $ 6,057,113 | $ 9,377,768 | $ 3,289,263 | $ 26,080,757 |

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, 2017

| | | | | |
|---|---|---|---|---|
| **Amounts reported for governmental activities in the statement of activities are different because:** | | | | |
| **Net Change In Fund Balances - Total Governmental Funds** | | | | $ (509,253) |
| 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 | | $ (5,619,548) | |
| | Capital outlay | | 6,387,057 | 767,509 |
| The decrease in the net pension asset is reported on the government-wide statement of activities but not in the governmental funds. | Net pension asset: | | | |
| | | 6/30/2017 | 370,692 | |
| | | 6/30/2016 | (517,381) | (146,689) |
| The change in pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds. | | | | |
| | Deferred outflows | | | |
| | | 6/30/2017 | 1,033,577 | |
| | | 6/30/2016 | (1,039,449) | (5,872) |
| | Deferred inflows | | | |
| | | 6/30/2017 | (19,868) | |
| | | 6/30/2016 | - | (19,868) |
| 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 @ 6/30/17 | | 702,430 | |
| | Unavailable @ 6/30/16 | | (706,846) | (4,416) |
| Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. | | | | (65,977) |
| 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. | | | | (658,497) |
| 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. | | | | 3,850,779 |
| 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. | | | | 159,957 |
| 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 | | 56,030 | |
| | Change in compensated absences payable | | 42,637 | |
| | Change in landfill closure and postclosure care costs | | (22,068) | 76,599 |
| **Change In Net Position of Governmental Activities** | | | | $ 3,444,272 |

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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | | | | |
| Property | $ 15,431,452 | $ 15,531,453 | $ 15,722,883 | $ 191,430 |
| Sales | 5,900,000 | 5,900,000 | 5,692,323 | (207,677) |
| Other | 437,217 | 526,217 | 727,204 | 200,987 |
| Licenses and permits | 37,100 | 37,100 | 36,250 | (850) |
| Intergovernmental | 1,884,283 | 2,170,283 | 2,574,172 | 403,889 |
| Charges for services | 2,903,440 | 2,903,440 | 3,312,005 | 408,565 |
| Fines and forfeitures | 1,266,617 | 1,266,617 | 1,236,193 | (30,424) |
| Investment earnings | 10,000 | 10,000 | 9,569 | (431) |
| Other | 242,283 | 242,283 | 107,287 | (134,996) |
| Total revenues | 28,112,392 | 28,587,393 | 29,417,886 | 830,493 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Commissioners' office | 350,549 | 348,925 | 341,934 | 6,991 |
| Elections | 272,288 | 253,734 | 245,686 | 8,048 |
| Financial administration | 1,577,142 | 1,589,381 | 1,455,101 | 134,280 |
| Information technology | 489,095 | 471,200 | 453,158 | 18,042 |
| Tax commissioner | 787,227 | 682,111 | 662,412 | 19,699 |
| Tax assessor | 783,772 | 725,983 | 714,817 | 11,166 |
| Government buildings | 565,585 | 647,335 | 643,733 | 3,602 |
| Total general government | 4,825,658 | 4,718,669 | 4,516,841 | 201,828 |
| Judicial: | | | | |
| Superior court clerk's office | 599,400 | 533,594 | 526,867 | 6,727 |
| Superior court | 720,724 | 775,724 | 736,327 | 39,397 |
| District attorney's office | 395,939 | 395,939 | 395,939 | - |
| State Court | 274,308 | 289,037 | 283,992 | 5,045 |
| Solicitor | 245,898 | 263,915 | 262,831 | 1,084 |
| Magistrate Court | 346,907 | 323,673 | 323,261 | 412 |
| Probate Court | 324,948 | 323,697 | 323,379 | 318 |
| Board of equalization | 32,954 | 36,954 | 33,988 | 2,966 |
| Total judicial | 2,941,078 | 2,942,533 | 2,886,584 | 55,949 |
| Public safety: | | | | |
| Emergency management | 25,992 | 32,102 | 30,922 | 1,180 |
| Sheriff | 6,389,916 | 7,052,080 | 6,765,000 | 287,080 |
| School resource officers | 315,148 | 291,148 | 283,341 | 7,807 |
| Jail | 2,893,707 | 2,720,307 | 2,718,821 | 1,486 |
| Correctional institute | 2,303,804 | 2,272,228 | 2,267,875 | 4,353 |
| Inmate medical | 349,100 | 379,100 | 378,217 | 883 |
| Probation | 247,204 | 248,747 | 248,423 | 324 |
| Emergency medical services | 2,722,787 | 2,758,270 | 2,705,006 | 53,264 |
| Coroner | 60,261 | 62,005 | 54,311 | 7,694 |
| Animal control | 243,079 | 201,805 | 181,219 | 20,586 |
| Total public safety | 15,550,998 | 16,017,792 | 15,633,135 | 384,657 |

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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| EXPENDITURES (Continued) | | | | |
| Public works: | | | | |
| Roads | $ 1,563,625 | $ 2,707,732 | $ 2,323,377 | $ 384,355 |
| Roads - Cities | 272,277 | 361,277 | 349,244 | 12,033 |
| Total public works | 1,835,902 | 3,069,009 | 2,672,621 | 396,388 |
| Health and welfare: | | | | |
| Health Department | 264,267 | 264,267 | 264,650 | (383) |
| Department of Family and Children Services | 76,015 | 76,015 | 67,785 | 8,230 |
| Family connections | 44,170 | 49,000 | 47,444 | 1,556 |
| Senior citizens | 280,809 | 285,009 | 243,333 | 41,676 |
| Other community services | 40,500 | 40,500 | 77,539 | (37,039) |
| Total health and welfare | 705,761 | 714,791 | 700,751 | 14,040 |
| Culture and recreation | | | | |
| Recreation | 1,074,736 | 1,124,087 | 1,123,670 | 417 |
| Recreation - Cities | 117,104 | 117,104 | 120,570 | (3,466) |
| Library | 570,872 | 570,872 | 570,872 | - |
| Total culture and recreation | 1,762,712 | 1,812,063 | 1,815,112 | (3,049) |
| Housing and development: | | | | |
| Extension service | 161,167 | 181,283 | 173,814 | 7,469 |
| Geographic Information Systems | 97,582 | 68,582 | 65,050 | 3,532 |
| Economic development | 4,500 | 4,500 | 4,500 | - |
| Total housing and development | 263,249 | 254,365 | 243,364 | 11,001 |
| Debt service: | | | | |
| Principal | - | - | 401,310 | (401,310) |
| Interest | - | - | 38,165 | (38,165) |
| Total debt service | - | - | 439,475 | (439,475) |
| Total expenditures | 27,885,358 | 29,529,222 | 28,907,883 | 621,339 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 227,034 | (941,829) | 510,003 | 1,451,832 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 20,000 | 361,930 | 7,828 | (354,102) |
| Proceeds from capital lease | - | 658,497 | 658,497 | - |
| Insurance recoveries | 15,000 | 133,850 | 265,448 | 131,598 |
| Transfers in | - | - | 773 | 773 |
| Transfers out | (260,877) | (260,877) | (75,100) | 185,777 |
| Total other financing sources (uses) | (225,877) | 893,400 | 857,446 | (35,954) |
| NET CHANGE IN FUND BALANCE | $ 1,157 | $ (48,429) | 1,367,449 | $ 1,415,878 |
| FUND BALANCE, BEGINNING OF YEAR | | | 5,989,164 | |
| FUND BALANCE, END OF YEAR | | | $ 7,356,613 | |

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, 2017

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Taxes | $ 3,208,650 | $ 3,487,631 | $ 278,981 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (4,190,716) | (3,500,160) | 690,556 |
| NET CHANGE IN FUND BALANCE | $ (982,066) | (12,529) | $ 969,537 |
| FUND BALANCE, BEGINNING OF YEAR | | 6,069,642 | |
| FUND BALANCE, END OF YEAR | | $ 6,057,113 | |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | $ 224,815 | $ 907,344 | $ 1,620,720 | $ 34,025 | $ 2,786,904 |
| Receivables: | | | | | |
| Accounts | 383,843 | 6,671 | 25 | 369 | 390,908 |
| Intergovernmental | 21,449 | - | 399,527 | - | 420,976 |
| Interfund | 3,364,045 | - | - | - | 3,364,045 |
| Inventory | 9,611 | - | - | - | 9,611 |
| Prepaid items | 2,381 | - | - | - | 2,381 |
| Total Current Assets | 4,006,144 | 914,015 | 2,020,272 | 34,394 | 6,974,825 |
| Net pension asset | 3,517 | 2,970 | 1,386 | 5,165 | 13,038 |
| Capital Assets | | | | | |
| Land | - | 1,086,706 | - | - | 1,086,706 |
| Easements | 152,358 | - | - | - | 152,358 |
| Construction in progress | 407,130 | - | - | - | 407,130 |
| Systems and equipment (net of depreciation) | 18,835,913 | 12,415,103 | 220,829 | 133,623 | 31,605,468 |
| Total Capital Assets | 19,395,401 | 13,501,809 | 220,829 | 133,623 | 33,251,662 |
| Total Assets | 23,405,062 | 14,418,794 | 2,242,487 | 173,182 | 40,239,525 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Resources related to pensions | 6,839 | 6,877 | 4,824 | 2,800 | 21,340 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 1,286,067 | 48,452 | 268,161 | 6,311 | 1,608,991 |
| Accrued payroll | 1,252 | 1,251 | 3,343 | - | 5,846 |
| Compensated absences payable | - | - | 1,993 | - | 1,993 |
| Accrued interest payable | 28,183 | 26,408 | - | - | 54,591 |
| Customer deposits | 204,050 | 1,625 | - | - | 205,675 |
| Unearned revenue | 2,300,993 | - | - | 94,500 | 2,395,493 |
| Interfund payable | - | 3,364,100 | - | - | 3,364,100 |
| Notes payable | 744,348 | 849,499 | - | - | 1,593,847 |
| Total Current Liabilities | 4,564,893 | 4,291,335 | 273,497 | 100,811 | 9,230,536 |
| Long-Term Liabilities | | | | | |
| Compensated absences payable (net of current portion) | - | - | 1,328 | - | 1,328 |
| Notes payable (net of current portion) | 9,019,025 | 9,860,319 | - | - | 18,879,344 |
| Total Long-Term Liabilities | 9,019,025 | 9,860,319 | 1,328 | - | 18,880,672 |
| Total Liabilities | 13,583,918 | 14,151,654 | 274,825 | 100,811 | 28,111,208 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Resources related to pensions | 63 | 87 | 113 | - | 263 |
| NET POSITION | | | | | |
| Net investment in capital assets | 9,632,028 | 2,791,991 | 220,829 | 133,623 | 12,778,471 |
| Unrestricted | 195,892 | (2,518,061) | 1,751,544 | (58,452) | (629,077) |
| Total Net Position | $ 9,827,920 | $ 273,930 | $ 1,972,373 | $ 75,171 | $ 12,149,394 |

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, 2017

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| OPERATING REVENUES | | | | | |
| Charges for services | $ 3,197,143 | $ 926,957 | $ 3,345,012 | $ 2,513 | $ 7,471,625 |
| OPERATING EXPENSES | | | | | |
| Salaries and employee benefits | 67,364 | 87,291 | 116,044 | - | 270,699 |
| Purchased services | 1,789,350 | 240,568 | 3,652,519 | 59,926 | 5,742,363 |
| Materials and supplies | 283,499 | 207,788 | 313 | 11,583 | 503,183 |
| Depreciation | 537,195 | 446,687 | 6,179 | 9,602 | 999,663 |
| Total operating expenses | 2,677,408 | 982,334 | 3,775,055 | 81,111 | 7,515,908 |
| OPERATING INCOME (LOSS) | 519,735 | (55,377) | (430,043) | (78,598) | (44,283) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenue | 21,449 | - | 399,528 | - | 420,977 |
| Investment earnings | 21 | 82 | 1,126 | 4 | 1,233 |
| Interest expense | (377,468) | (332,287) | - | - | (709,755) |
| Total non-operating revenues (expenses) | (355,998) | (332,205) | 400,654 | 4 | (287,545) |
| INCOME (LOSS) BEFORE TRANSFERS | 163,737 | (387,582) | (29,389) | (78,594) | (331,828) |
| TRANSFERS IN (OUT) | 1,500,000 | - | - | 75,100 | 1,575,100 |
| CHANGE IN NET POSITION | 1,663,737 | (387,582) | (29,389) | (3,494) | 1,243,272 |
| NET POSITION, BEGINNING OF YEAR | 8,164,183 | 661,512 | 2,001,762 | 78,665 | 10,906,122 |
| NET POSITION, END OF YEAR | $ 9,827,920 | $ 273,930 | $ 1,972,373 | $ 75,171 | $ 12,149,394 |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | $ 3,275,546 | $ 928,643 | $ 3,345,012 | $ 2,144 | $ 7,551,345 |
| Cash payments to employees for services | (72,983) | (94,677) | (114,020) | - | (281,680) |
| Cash payments for goods and services | (2,238,000) | (443,114) | (3,644,795) | (87,047) | (6,412,956) |
| Net cash provided (used) by operating activities | 964,563 | 390,852 | (413,803) | (84,903) | 856,709 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Advances from (to) other funds | (592,618) | 592,673 | - | - | 55 |
| Interfund transfers | - | - | - | 75,100 | 75,100 |
| Net cash provided (used) by noncapital financing activities | (592,618) | 592,673 | - | 75,100 | 75,155 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Principal paid on notes payable | (666,564) | (824,960) | - | - | (1,491,524) |
| Interest paid on notes payable | (379,538) | (334,243) | - | - | (713,781) |
| Purchase of capital assets | (1,487,858) | - | - | - | (1,487,858) |
| Transfers from capital projects fund | 1,500,000 | - | - | - | 1,500,000 |
| Net cash provided (used) by capital and related financing activities | (1,033,960) | (1,159,203) | - | - | (2,193,163) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment earnings | 21 | 82 | 1,126 | 4 | 1,233 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (661,994) | (175,596) | (412,677) | (9,799) | (1,260,066) |
| CASH AND CASH EQUIVALENTS, JULY 1, 2016 | 886,809 | 1,082,940 | 2,033,397 | 43,824 | 4,046,970 |
| CASH AND CASH EQUIVALENTS, JUNE 30, 2017 | $ 224,815 | $ 907,344 | $ 1,620,720 | $ 34,025 | $ 2,786,904 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | $ 519,735 | $ (55,377) | $ (430,043) | $ (78,598) | $ (44,283) |
| Adjustments: | | | | | |
| Depreciation | 537,195 | 446,687 | 6,179 | 9,602 | 999,663 |
| (Increase) decrease in operating assets: | | | | | |
| Accounts receivable | 66,024 | 1,411 | - | (369) | 67,066 |
| Inventory | (9,611) | - | - | | (9,611) |
| Prepaid items | (243) | - | - | - | (243) |
| Net pension asset | 461 | 640 | 832 | - | 1,933 |
| (Increase) decrease in deferred outflows of resources - Resources related to pensions | 18 | 26 | 33 | - | 77 |
| Increase (decrease) in deferred inflows of resources - Resources related to pensions | 63 | 87 | 113 | - | 263 |
| Increase (decrease) in operating liabilities: | | | | | |
| Accounts payable | 744,703 | 5,242 | 8,037 | (15,538) | 742,444 |
| Customer deposits | 17,218 | 275 | - | - | 17,493 |
| Accrued payroll | (2,182) | (4,305) | (1,669) | - | (8,156) |
| Unearned revenue | (904,839) | - | - | - | (904,839) |
| Compensated absences payable | (3,979) | (3,834) | 2,715 | - | (5,098) |
| Net cash provided (used) by operating activities | $ 964,563 | $ 390,852 | $ (413,803) | $ (84,903) | $ 856,709 |

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, 2016 | Agency Funds June 30, 2017 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 8,936,613 | $ 1,606,561 |
| Total assets | $ 8,936,613 | $ 1,606,561 |
| **Liabilities** | | |
| Due to other entities and individuals | | $ 1,606,561 |
| **Net Position** | | |
| Held in trust for employee pension benefits | $ 8,936,613 | |

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, 2016 |
|---|---|
| **Additions** | |
| Contributions | |
| Employer | $ 439,878 |
| Plan members | 147,291 |
| Total contributions | 587,169 |
| Investment income | |
| Dividends and interest | 149,516 |
| Net appreciation in fair value of investments | 104,070 |
| Realized gains/losses | 5,638 |
| Total investment income | 259,224 |
| **Total additions** | 846,393 |
| **Deductions** | |
| Benefits | 476,020 |
| Administrative expenses | 109,420 |
| **Total deductions** | 585,440 |
| **Change in net position** | 260,953 |
| **Net position, Beginning of year** | 8,675,660 |
| **Net position, End of year** | $ 8,936,613 |

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

### 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, 2017.

### 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, 2017, 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 | 10-50 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 enterprise 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, 2017 in the following departments for the general fund:

| | General Fund |
|---|---|
| Health Department | $ 383 |
| Other community services | 37,039 |
| Recreation - cities | 3,466 |
| Debt service | 439,475 |

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

### Deficit Fund Balance / Net Position

The water impact fees enterprise fund had a deficit net position of $42,000 at June 30, 2017 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, 2017 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 $572,184 at June 30, 2017 which the County plans to eliminate with future tax revenue designated for this fund. The inspection and zoning special revenue fund had a deficit balance of $443,824 at June 30, 2017 which the County plans to eliminate with future revenue designated for this fund and/or transfers from the general fund.

## NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2017, the carrying amount of the County's deposits and investments was $31,442,502 and the bank balance was $33,153,457. 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, 2017, the County invested $11,028,838 (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.

Discretely Presented Component Unit

The carrying amount of deposits for the Effingham County Board of Health was $1,830,372 and the bank balance was $1,838,352. As of June 30, 2017, the Board of Health did not have any balances exposed to custodial credit risk.

## NOTE 4 – RECEIVABLES

Receivables at June 30, 2017, 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, 2017, property taxes were levied on August 23, 2016, and were due November 15, 2016.

## NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Prison Commissary | $ 2,718 |
| | Hospital Indigent | 335,000 |
| | Fire Taxing District | 6,529 |
| | Inspections & Zoning | 39,943 |
| | Wastewater Treatment Plant | 55 |
| Wireless E-911 | E-911 | 4,219 |
| Water and Sewer Operating | Wastewater Treatment Plant | 3,364,045 |
| Total | | $ 3,752,509 |

Interfund balances at June 30, 2017 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, 2017, consisted of the following:

| | Transfers From: | | | | | |
|---|---|---|---|---|---|---|
| Transfers To: | General | Prison Commissary | SPLOST | Special Tax District | State Condemnation | Total |
| General | - | $ 773 | - | - | - | $ 773 |
| Fire Taxing District | - | - | - | $ 1,900,160 | - | 1,900,160 |
| Senior Citizens Activity | - | - | - | 100,000 | - | 100,000 |
| Sheriff Special Funds | - | - | - | - | $ 1,800 | 1,800 |
| SPLOST Debt Service | - | - | $ 3,000,884 | - | - | 3,000,884 |
| Water and Sewer Operating | - | - | - | 1,500,000 | - | 1,500,000 |
| Landfill | $ 75,100 | - | - | - | - | 75,100 |
| Total | $ 75,100 | $ 773 | $ 3,000,884 | $ 3,500,160 | $ 1,800 | $ 6,578,717 |

The general fund transferred funds to the landfill fund to help fund operations. Transfers to various funds from the Special Tax District Fund were to fund operations. Transfers from the SPLOST fund to the SPLOST Debt Service fund were used for debt service. Transfers from the State Condemnation to the Sheriff Special Funds were to fund various items needed by the Sheriff's department.

## NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

| | Balance 06/30/16 | Additions | Deductions | Balance 06/30/17 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 13,073,721 | - | - | $ 13,073,721 |
| Easements | 298,144 | - | - | 298,144 |
| Construction in progress | 3,727,322 | $ 5,242,710 | $ 39,904 | 8,930,128 |
| Total capital assets not being depreciated | 17,099,187 | 5,242,710 | 39,904 | 22,301,993 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 54,568,309 | 39,690 | - | 54,607,999 |
| Machinery and equipment | 27,112,045 | 1,040,628 | 858,497 | 27,294,176 |
| Infrastructure | 118,250,883 | 103,933 | - | 118,354,816 |
| Total capital assets being depreciated | 199,931,237 | 1,184,251 | 858,497 | 200,256,991 |
| Total capital assets | 217,030,424 | 6,426,961 | 898,401 | 222,558,984 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 20,549,771 | 2,067,236 | - | 22,617,007 |
| Machinery and equipment | 20,992,204 | 1,182,287 | 792,520 | 21,381,971 |
| Infrastructure | 88,798,581 | 2,370,025 | - | 91,168,606 |
| Total accumulated depreciation | 130,340,556 | 5,619,548 | 792,520 | 135,167,584 |
| Governmental activities capital assets, net | $ 86,689,868 | $ 807,413 | $ 105,881 | $ 87,391,400 |

Governmental activities depreciation expense:

| | |
|---|---|
| General government | $ 1,019,946 |
| Public safety | 1,858,871 |
| Public works | 2,532,482 |
| Culture and Recreation | 180,564 |
| Housing and development | 27,685 |
| Total governmental activities depreciation expense | $ 5,619,548 |

## NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017 for the County's enterprise funds was as follows:

| | Balance 06/30/16 | Additions | Deductions | Balance 06/30/17 |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 1,086,706 | - | - | $ 1,086,706 |
| Easements | 152,358 | - | - | 152,358 |
| Construction in progress | 464,529 | - | $ 57,399 | 407,130 |
| Total capital assets not being depreciated | 1,703,593 | - | 57,399 | 1,646,194 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 16,842,312 | - | - | 16,842,312 |
| Machinery and equipment | 2,600,067 | - | - | 2,600,067 |
| Infrastructure | 22,726,419 | $ 1,545,258 | - | 24,271,677 |
| Total capital assets being depreciated | 42,168,798 | 1,545,258 | - | 43,714,056 |
| Total capital assets | 43,872,391 | 1,545,258 | 57,399 | 45,360,250 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 4,204,024 | 419,455 | - | 4,623,479 |
| Equipment | 2,103,219 | 36,495 | - | 2,139,714 |
| Infrastructure | 4,801,682 | 543,713 | - | 5,345,395 |
| Total accumulated depreciation | 11,108,925 | 999,663 | - | 12,108,588 |
| Business-type activities capital assets, net | $ 32,763,466 | $ 545,595 | $ 57,399 | $ 33,251,662 |

Capital asset activity for the year ended June 30, 2017 for the Effingham County Board of Health was as follows:

| | Balance 07/01/16 | Additions | Deductions | Balance 06/30/17 |
|---|---|---|---|---|
| Component Unit: | | | | |
| Machinery and equipment | $ 118,722 | - | $ (45,059) | $ 73,663 |
| Less accumulated depreciation | (83,569) | $ (17,036) | 45,059 | (55,546) |
| Component unit capital assets, net | $ 32,416 | $ (17,036) | $ - | $ 18,117 |

## NOTE 8 – CAPITAL LEASES

Governmental Activities

The County has entered into lease agreements as lessee for financing various equipment costing $6,729,699. 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 $2,638,004 at June 30, 2017.

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, 2017:

| Year ending June 30 | |
|---|---|
| 2018 | $ 950,569 |
| 2019 | 838,155 |
| 2020 | 600,534 |
| 2021 | 442,075 |
| 2022 | 410,383 |
| Thereafter | 1,175,239 |
| Total minimum lease payments | 4,416,954 |
| Less amount representing interest | 475,690 |
| Present value of future minimum lease payments | $ 3,941,264 |

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, 2017, annual debt service requirements for the Series 2012 Certificates of Participation are as follows:

| Year ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 3,180,000 | $ 79,500 | $ 3,259,500 |

## NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2017 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. | $ 1,449,009 |
| 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. | 10,709,818 |
| 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. | 3,210,929 |
| 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. | 5,045,235 |
| Note payable to Georgia Environmental Finance Authority for the construction of water mains for multiple developments in the county, represents amount drawn to date, amount repaid subsequent to June 30, 2017 with new financing. | 58,200 |
| | $ 20,473,191 |

As of June 30, 2017, annual debt service requirements to maturity are as follows:

| Year ending June 30 | Business-type Activities | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 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 | 1,821,142 | 416,691 | 2,237,833 |
| 2023-2027 | 9,516,980 | 1,381,922 | 10,898,902 |
| 2028-2029 | 2,412,913 | 167,208 | 2,580,121 |
| | $ 20,473,191 | $ 4,194,997 | $ 24,668,188 |

## NOTE 10 – CHANGES IN LONG-TERM DEBT

| Governmental Activities | Balance June 30, 2016 | Additions | Reductions | Balance June 30, 2017 | Amounts Due In One Year |
|---|---|---|---|---|---|
| Capital lease payable - E-911 | $ 399,362 | - | $ 128,454 | $ 270,908 | $ 133,065 |
| Capital lease payable - Patrol Cars | 370,222 | - | 151,409 | 218,813 | 153,926 |
| Capital lease payable - Jail | 6,235,000 | - | 3,055,000 | 3,180,000 | 3,180,000 |
| Capital lease payable - Patrol Cars | 504,482 | - | 116,934 | 387,548 | 119,508 |
| Capital lease payable - Admin. Vehicles | 252,241 | - | 58,467 | 193,774 | 59,754 |
| Capital lease payable - Comm. equipment | 2,425,929 | - | 266,014 | 2,159,915 | 275,883 |
| Capital lease payable - Heart monitors | 126,309 | - | 47,741 | 78,568 | 49,189 |
| Capital lease payable - Public works equipment | - | $ 658,497 | 26,759 | 631,738 | 36,612 |
| Unamortized Premium | 219,482 | - | 159,958 | 59,524 | - |
| Total Capital Leases | 10,533,027 | 658,497 | 4,010,736 | 7,180,788 | 4,007,937 |
| Compensated absences payable | 913,696 | - | 42,637 | 871,059 | 522,635 |
| Landfill closure and post-closure care | 1,697,526 | 22,068 | - | 1,719,594 | - |
| Total Governmental Activities | $ 13,144,249 | $ 680,565 | $ 4,053,373 | $ 9,771,441 | $ 4,530,572 |
| Business-Type Activities | | | | | |
| Compensated absences payable | $ 8,419 | - | $ 5,098 | $ 3,321 | $ 1,993 |
| Notes payable | 21,964,715 | $ 58,200 | 1,549,724 | 20,473,191 | 1,599,847 |
| Total Business-Type Activities | $ 21,973,134 | $ 58,200 | $ 1,549,724 | $ 20,481,610 | $ 1,604,898 |
| Component Unit | | | | | |
| Compensated absences payable | $ 35,400 | $ 4,996 | $ - | $ 40,396 | $ 8,079 |

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 Sanitation 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 $1,719,594 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, 2017. 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, 2016, the date of the most recent actuarial valuation, there were 699 participants as follows:

| | |
|---|---|
| Active participants | 360 |
| Retirees and beneficiaries | 37 |
| Vested former employees | 302 |
| | 699 |

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, 2016 (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, 2016.

***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, 2016, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense was 1.27%. 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, 2016, 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, 2016 were as follows:

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)**

| | |
|---|---|
| Total pension liability | $ 8,552,882 |
| Plan fiduciary net position | (8,936,612) |
| County's net pension liability (asset) | $ (383,730) |
| | |
| Plan net position as a percentage of pension liability | 104.49% |

***Actuarial Assumptions*** – The total pension liability was determined by an actuarial valuation as of December 31, 2016, 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, 2016 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (c) = (a)-(b) |
|---|---|---|---|
| Balance, January 1, 2016 | $ 8,143,307 | $ 8,675,659 | $ (532,352) |
| Changes for the year: | | | |
| Service cost | 292,663 | - | 292,663 |
| Expected investment service cost | 21,950 | - | 21,950 |
| Interest on the total pension liability | 610,748 | - | 610,748 |
| Differences between expected and actual experience | (21,916) | - | (21,916) |
| Contributions from the employer | - | 439,878 | (439,878) |
| Contributions from the employees | - | 147,291 | (147,291) |
| Net investment income | - | 149,803 | (149,803) |
| Benefit payments, including refunds | (476,019) | (476,019) | - |
| Expected interest on benefit payments | (17,851) | - | (17,851) |
| Net Changes | 409,575 | 260,953 | 148,622 |
| Balance, December 31, 2016 | $ 8,552,882 | $ 8,936,612 | $ (383,730) |

**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, 2016 (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 | $ 1,136,806 | $ (383,730) | $ (1,614,326) |

***Pension Revenue/Expense*** – For the year ended December 31, 2016, the County recognized pension expense of $404,059.

***Deferred Outflows of Resources*** – At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences in expected and actual experience | $ 113,138 | $ 20,131 |
| Net differences between expected and net investment income | 941,779 | - |
| | $ 1,054,917 | $ 20,131 |

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

| Year ending June 30 | |
|---|---|
| 2018 | $ 300,211 |
| 2019 | 300,211 |
| 2020 | 268,334 |
| 2021 | 110,336 |
| 2022 | 9,328 |
| Thereafter | 46,366 |
| | $ 1,034,786 |

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 year ended June 30, 2017 was $555,540. Total employee contributions to the plans for the year ended June 30, 2017 was $599,983.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

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.

In the government-wide statement of activities, the County recognized $446,439 in revenue as support provided by nonemployer contributing entities. The amount was also recognized as expense in the appropriate functional expense category.

Effingham County Board of Health

The employees of the Effingham County Board of Health participate in the Georgia State Employees Retirement System (ERS). The plan is administered by the State of Georgia. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

The retirement contributions for the year ended June 30, 2017 were $93,813. Contributions are fully vested to employees after 10 years of continuous service.

At June 30, 2017, the Board of Health reported $741,931 as a liability for its proportionate share of the net pension liabilities. For the year ended June 30, 2017, the Board of Health recognized pension expense of $21,148.

## 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, 2017, the County settled a lawsuit and all claims associated with it by paying the plaintiff $1,500,000 from the Inspection and Zoning special revenue fund.

## NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

**Hospital Authority** – The County entered into a contract with the Hospital Authority of Effingham County dated October 19, 2010 whereby the Hospital Authority will provide indigent care to Effingham County

## NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

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, 2017, 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, 2017 follows:

| | | Percentage of tax receipts |
|---|---|---|
| Lodging tax receipts | $ 13,658 | |
| Disbursements to the: | | |
| Effingham County Chamber of Commerce | (10,926) | 80% |
| County for adminstrative costs | (2,732) | 20% |
| Total | $ - | |

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

## NOTE 18 – TAX ABATEMENTS

The Effingham County Industrial Development Authority (the "Authority") can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program." Georgia case law and statutory provisions, including the Development Authorities Law (Title 36 Chapter 62 of the Georgia Code Annotated), provide the Authority with the power to enter into such agreements with companies.

The Authority may accept title to real property (land and building) and personal property (machinery and equipment) assets from a company in return for job creation and/or capital investment and provide a tax benefit to the company through a lease agreement with the Authority. Agreements with respect to taxation of such assets under the lease provide the terms and conditions of any tax abatement. In general, failure to create jobs and/or investments as set forth in the agreements would result in a reduction (or claw back) of any tax abatements. The Authority monitors compliance with performance and accountability agreements to ensure the companies meet their commitments.

For Effingham County's fiscal year ending June 30, 2017, the cumulative property tax not collected by Effingham County due to incentive agreements was $2,474,298. Payments in lieu of taxes in the amount of $1,025,378 were received in the Special Tax District Fund related to these agreements.

## NOTE 19 – SUBSEQUENT EVENTS

In July, 2017, the County issued Effingham County Industrial Development Authority Refunding and Improvement Revenue Bond Series 2017 in the amount of $28,935,000 to provide funds to refinance all outstanding long term debt related to the County's water and sewer system and to fund additional water and sewer construction projects deemed necessary by the County. The Bond will mature on June 1, 2036, and will be payable in annual principal amounts ranging from $1,095,000 to 1,930,000. Interest will be paid semi-annually on June 1 and December 1 of each year and will accrue at 2.79% for the first 15 years the bond is outstanding and at a variable rate equal to 70% of the Wall Street Journal Prime Rate, but not to exceed 12% per year after June 1, 2033.

Management has evaluated subsequent events through February 22, 2018, the date that the financial statements were available to issue.

**EFFINGHAM COUNTY, GEORGIA**
REQUIRED SUPPLEMENTARY INFORMATION (1)
EFFINGHAM COUNTY BOARD OF COMMISSIONERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2017

| Schedule of County Contributions | Plan Year Ended December 31, 2016 | 2015 | 2014 |
|---|---|---|---|
| Actuarially determined contribution | $ 439,878 | $ 413,045 | $ 401,258 |
| Contributions in relation to the actuarially determined contribution | 439,878 | 413,045 | 401,258 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| Covered-employee payroll | $ 14,311,230 | $ 13,924,039 | $ 12,379,098 |
| Actual contributions as a percentage of covered-employee payroll | 3.07% | 2.97% | 3.24% |
| **Schedule of Changes in the Net Pension Liability and Related Ratios** | | | |
| Total pension liability | | | |
| Interest | $ 592,897 | $ 548,043 | $ 504,578 |
| Differences between expected and actual experience | (21,916) | 135,366 | |
| Service cost | 292,663 | 295,407 | 295,673 |
| Expected investment service cost | 21,950 | 22,156 | 22,175 |
| Benefit payments | (476,019) | (329,813) | (155,989) |
| Net change in total pension liability | 409,575 | 671,159 | 666,437 |
| Total pension liability, beginning | 8,143,307 | 7,472,148 | 6,805,711 |
| Total pension liability, ending | $ 8,552,882 | $ 8,143,307 | $ 7,472,148 |
| Plan fiduciary net position | | | |
| Contributions from employer | $ 439,878 | $ 413,045 | $ 401,258 |
| Contributions from employees | 147,291 | 137,634 | 133,689 |
| Investment income, net of administrative expenses | 149,803 | (137,301) | 437,963 |
| Benefit payments | (476,019) | (329,813) | (155,989) |
| Net change in plan fiduciary net position | 260,953 | 83,565 | 816,921 |
| Plan fiduciary net position, beginning | 8,675,659 | 8,592,094 | 7,775,173 |
| Plan fiduciary net position, ending | $ 8,936,612 | $ 8,675,659 | $ 8,592,094 |
| Net pension liability (asset) | $ (383,730) | $ (532,352) | $ (1,119,946) |
| Plan fiduciary net position as percentage of the total pension liability | 104.49% | 106.54% | 114.99% |
| Covered-employee payroll | $ 14,311,230 | $ 13,924,039 | $ 12,379,098 |
| Net pension liability (asset) as a percentage of covered-employee payroll | -2.68% | -3.82% | -9.05% |
| **Schedule of Investment Returns** | | | |
| Annual money-weighted rate of return, net of investment expense | 1.27% | -7.08% | -0.76% |

(1) Only fiscal years 2017, 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, 2016, there were no benefit changes during the plan year.

## NOTE 3 – CHANGE IN ASSUMPTIONS

For the plan year ended December 31, 2016, 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, 2017

| | SPLOST Debt Service Fund | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 266,697 | $ 4,526,490 | $ 4,793,187 |
| Receivables: | | | |
| Accounts | - | 549,200 | 549,200 |
| Intergovernmental | - | 581,036 | 581,036 |
| Interfund | - | 4,219 | 4,219 |
| Prepaid items | - | 500 | 500 |
| TOTAL ASSETS | $ 266,697 | $ 5,661,445 | $ 5,928,142 |
| LIABILITIES | | | |
| Accounts payable | $ - | $ 2,146,071 | $ 2,146,071 |
| Accrued liabilities | - | 97,814 | 97,814 |
| Interfund payable | - | 388,409 | 388,409 |
| Performance bonds | - | 6,585 | 6,585 |
| TOTAL LIABILITIES | - | 2,638,879 | 2,638,879 |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Prepaid items | - | 500 | 500 |
| Restricted | | | |
| Public safety | - | 1,957,196 | 1,957,196 |
| Public works, public safety, and recreation | - | 1,985,476 | 1,985,476 |
| Housing and development | - | 10,309 | 10,309 |
| Health and welfare | - | 46,447 | 46,447 |
| Judicial | - | 39,146 | 39,146 |
| Debt service | 266,697 | - | 266,697 |
| Unassigned | - | (1,016,508) | (1,016,508) |
| TOTAL FUND BALANCES | 266,697 | 3,022,566 | 3,289,263 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 266,697 | $ 5,661,445 | $ 5,928,142 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | SPLOST Debt Service Fund | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|
| REVENUES | | | |
| Taxes | - | $ 3,961,109 | $ 3,961,109 |
| Licenses and permits | - | 690,182 | 690,182 |
| Intergovernmental | - | 859,852 | 859,852 |
| Charges for services | - | 3,117,856 | 3,117,856 |
| Fines and forfeitures | - | 110,785 | 110,785 |
| Investment earnings | $ 30 | 5,934 | 5,964 |
| Other | - | 35,562 | 35,562 |
| Total revenues | 30 | 8,781,280 | 8,781,310 |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | 4,518,973 | 4,518,973 |
| Public works | - | 462,605 | 462,605 |
| Health and welfare | - | 4,472,298 | 4,472,298 |
| Housing and development | - | 656,817 | 656,817 |
| Debt service: | | | |
| Principal | 3,055,000 | 128,454 | 3,183,454 |
| Interest | 140,600 | 14,337 | 154,937 |
| Total expenditures | 3,195,600 | 10,253,484 | 13,449,084 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (3,195,570) | (1,472,204) | (4,667,774) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 3,000,884 | 2,001,960 | 5,002,844 |
| Transfers out | - | (2,573) | (2,573) |
| Total other financing sources (uses) | 3,000,884 | 1,999,387 | 5,000,271 |
| SPECIAL ITEM | | | |
| Legal settlement | - | (1,500,000) | (1,500,000) |
| NET CHANGE IN FUND BALANCES | (194,686) | (972,817) | (1,167,503) |
| FUND BALANCES, JULY 1, 2016 | 461,383 | 3,995,383 | 4,456,766 |
| FUND BALANCES, JUNE 30, 2017 | $ 266,697 | $ 3,022,566 | $ 3,289,263 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | Hospital Indigent | Drug Abuse & Treatment Education | Sheriff | Prison Commissary | Impact Fees | Drug Seizure | State Condemnation | E-911 Fund |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | $ 40,891 | $ 61,755 | $ 174,622 | $ 10,871 | $ 1,627,307 | $ 7,055 | $ 4,095 | $ 655,845 |
| Receivables: | | | | | | | | |
| Accounts | - | - | - | - | - | - | - | 195,051 |
| Intergovernmental | - | 314 | - | - | 577,931 | - | 669 | - |
| Interfund | - | - | - | - | - | - | - | - |
| Prepaid items | - | - | - | 500 | - | - | - | - |
| TOTAL ASSETS | $ 40,891 | $ 62,069 | $ 174,622 | $ 11,371 | $ 2,205,238 | $ 7,055 | $ 4,764 | $ 850,896 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | $ 278,075 | - | $ 33,452 | $ 8,653 | $ 219,762 | - | - | $ 10,498 |
| Accrued payroll | - | $ 313 | - | - | - | - | - | 22,158 |
| Interfund payable | 335,000 | - | - | 2,718 | - | - | - | 4,219 |
| Performance bonds | - | - | - | - | - | - | - | - |
| Total liabilities | 613,075 | 313 | 33,452 | 11,371 | 219,762 | - | - | 36,875 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid items | - | - | - | 500 | - | - | - | - |
| Restricted: | | | | | | | | |
| Public safety | - | 61,756 | 141,170 | - | - | $ 7,055 | $ 4,764 | 814,021 |
| Public works, public safety, and recreation | - | - | - | - | 1,985,476 | - | - | - |
| Housing and development | - | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - | - | - |
| Unassigned | (572,184) | - | - | (500) | - | - | - | - |
| Total fund balances | (572,184) | 61,756 | 141,170 | - | 1,985,476 | 7,055 | 4,764 | 814,021 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 40,891 | $ 62,069 | $ 174,622 | $ 11,371 | $ 2,205,238 | $ 7,055 | $ 4,764 | $ 850,896 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

| | Wireless E-911 Fund | Juvenile Services | County Jail | Fire Taxing District | Inspections & Zoning | Senior Citizens Activity | Hotel Motel Tax | Total |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | - | $ 39,146 | $ 134,754 | $ 580,135 | $ 1,128,386 | $ 50,530 | $ 11,098 | $ 4,526,490 |
| Receivables: | | | | | | | | |
| Accounts | - | - | - | 349,371 | 3,617 | - | 1,161 | 549,200 |
| Intergovernmental | - | - | 2,122 | - | - | - | - | 581,036 |
| Interfund | $ 4,219 | - | - | - | - | - | - | 4,219 |
| Prepaid items | - | - | - | - | - | - | - | 500 |
| TOTAL ASSETS | $ 4,219 | $ 39,146 | $ 136,876 | $ 929,506 | $ 1,132,003 | $ 50,530 | $ 12,259 | $ 5,661,445 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | - | - | - | $ 76,438 | $ 1,515,892 | $ 1,351 | $ 1,950 | $ 2,146,071 |
| Accrued payroll | - | - | - | 59,204 | 13,407 | 2,732 | - | 97,814 |
| Interfund payable | - | - | - | 6,529 | 39,943 | - | - | 388,409 |
| Performance bonds | - | - | - | - | 6,585 | - | - | 6,585 |
| Total liabilities | - | - | - | 142,171 | 1,575,827 | 4,083 | 1,950 | 2,638,879 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid items | - | - | - | - | - | - | - | 500 |
| Restricted: | | | | | | | | |
| Public safety | $ 4,219 | - | $ 136,876 | 787,335 | - | - | - | 1,957,196 |
| Public works, public safety, and recreation | - | - | - | - | - | - | - | 1,985,476 |
| Housing and development | - | - | - | - | - | - | 10,309 | 10,309 |
| Health and welfare | - | - | - | - | - | 46,447 | - | 46,447 |
| Judicial | - | $ 39,146 | - | - | - | - | - | 39,146 |
| Unassigned | - | - | - | - | (443,824) | - | - | (1,016,508) |
| Total fund balances | 4,219 | 39,146 | 136,876 | 787,335 | (443,824) | 46,447 | 10,309 | 3,022,566 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 4,219 | $ 39,146 | $ 136,876 | $ 929,506 | $ 1,132,003 | $ 50,530 | $ 12,259 | $ 5,661,445 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Hospital Indigent | Drug Abuse & Treatment Education | Sheriff | Prison Commissary | Impact Fees | Drug Seizure | State Condemnation | E-911 Fund |
|---|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | | |
| Taxes | $ 3,947,451 | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | $ 577,931 | - | - | $ 4,089 |
| Charges for services | - | - | $ 303,684 | $ 132,663 | - | - | - | 1,022,205 |
| Fine and forfeitures | - | $ 37,486 | - | - | - | - | $ 6,469 | - |
| Investment earnings | - | 5 | - | - | 179 | $ 1 | - | 68 |
| Other | - | - | 23,472 | - | - | - | - | - |
| Total revenues | 3,947,451 | 37,491 | 327,156 | 132,663 | 578,110 | 1 | 6,469 | 1,026,362 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | 24,967 | 279,609 | 132,695 | - | - | - | 883,824 |
| Public works | - | - | - | - | 462,605 | - | - | - |
| Housing and development | - | - | - | - | - | - | - | - |
| Health and welfare | 4,371,844 | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 128,454 |
| Interest | - | - | - | - | - | - | - | 14,337 |
| Total expenditures | 4,371,844 | 24,967 | 279,609 | 132,695 | 462,605 | - | - | 1,026,615 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (424,393) | 12,524 | 47,547 | (32) | 115,505 | 1 | 6,469 | (253) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | 1,800 | - | - | - | - | - |
| Transfers out | - | - | - | (773) | - | - | (1,800) | - |
| Total other financing sources (uses) | - | - | 1,800 | (773) | - | - | (1,800) | - |
| SPECIAL ITEM | | | | | | | | |
| Legal settlement | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | (424,393) | 12,524 | 49,347 | (805) | 115,505 | 1 | 4,669 | (253) |
| FUND BALANCES, BEGINNING OF YEAR | (147,791) | 49,232 | 91,823 | 805 | 1,869,971 | 7,054 | 95 | 814,274 |
| FUND BALANCES, END OF YEAR | $ (572,184) | $ 61,756 | $ 141,170 | $ - | $ 1,985,476 | $ 7,055 | $ 4,764 | $ 814,021 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Wireless E-911 Fund | Juvenile Services | County Jail | Fire Taxing District | Inspections & Zoning | Senior Citizens Activity | Hotel Motel Tax | Total |
|---|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | | |
| Taxes | - | - | - | - | - | - | $ 13,658 | $ 3,961,109 |
| Licenses and permits | - | - | - | - | $ 690,182 | - | - | 690,182 |
| Intergovernmental | - | - | - | $ 276,515 | 1,317 | - | - | 859,852 |
| Charges for services | - | - | - | 1,650,729 | - | $ 8,575 | - | 3,117,856 |
| Fine and forfeitures | - | $ 2,657 | $ 64,173 | - | - | - | - | 110,785 |
| Investment earnings | - | 4 | 9 | - | 5,664 | 4 | - | 5,934 |
| Other | - | - | - | 12,000 | 90 | - | - | 35,562 |
| Total revenues | - | 2,661 | 64,182 | 1,939,244 | 697,253 | 8,579 | 13,658 | 8,781,280 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | - | - | 3,197,878 | - | - | - | 4,518,973 |
| Public works | - | - | - | - | - | - | - | 462,605 |
| Housing and development | - | - | - | - | 645,891 | - | 10,926 | 656,817 |
| Health and welfare | - | - | - | - | - | 100,454 | - | 4,472,298 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 128,454 |
| Interest | - | - | - | - | - | - | - | 14,337 |
| Total expenditures | - | - | - | 3,197,878 | 645,891 | 100,454 | 10,926 | 10,253,484 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | 2,661 | 64,182 | (1,258,634) | 51,362 | (91,875) | 2,732 | (1,472,204) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | 1,900,160 | - | 100,000 | - | 2,001,960 |
| Transfers out | - | - | - | - | - | - | - | (2,573) |
| Total other financing sources (uses) | - | - | - | 1,900,160 | - | 100,000 | - | 1,999,387 |
| SPECIAL ITEM | | | | | | | | |
| Legal settlement | - | - | - | - | (1,500,000) | - | - | (1,500,000) |
| NET CHANGE IN FUND BALANCES | - | 2,661 | 64,182 | 641,526 | (1,448,638) | 8,125 | 2,732 | (972,817) |
| FUND BALANCES, BEGINNING OF YEAR | 4,219 | 36,485 | 72,694 | 145,809 | 1,004,814 | 38,322 | 7,577 | 3,995,383 |
| FUND BALANCES, END OF YEAR | $ 4,219 | $ 39,146 | $ 136,876 | $ 787,335 | $ (443,824) | $ 46,447 | $ 10,309 | $ 3,022,566 |

**EFFINGHAM COUNTY, GEORGIA**
HOSPITAL INDIGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original and Final Budget | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | $3,000,000 | $ 3,000,000 | $ 3,947,451 | $ 947,451 |
| EXPENDITURES | | | | |
| Health and welfare | 3,600,000 | 4,393,769 | 4,371,844 | 21,925 |
| NET CHANGE IN FUND BALANCE | (600,000) | (1,393,769) | (424,393) | 969,376 |
| FUND BALANCES, BEGINNING OF YEAR | (147,791) | (147,791) | (147,791) | - |
| FUND BALANCES, END OF YEAR | $ (747,791) | $(1,541,560) | $ (572,184) | $ 969,376 |

**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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Fines and forfeitures | $ 32,000 | $ 32,000 | $ 37,486 | $ 5,486 |
| Investment earnings | - | - | 5 | 5 |
| Total revenues | 32,000 | 32,000 | 37,491 | 5,491 |
| EXPENDITURES | | | | |
| Public safety | 17,629 | 33,629 | 24,967 | 8,662 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 14,371 | (1,629) | 12,524 | 14,153 |
| FUND BALANCES, BEGINNING OF YEAR | 49,232 | 49,232 | 49,232 | - |
| FUND BALANCES, END OF YEAR | $ 63,603 | $ 47,603 | $ 61,756 | $ 14,153 |

**EFFINGHAM COUNTY, GEORGIA**
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | $ - | $ 470,000 | $ 303,684 | $ (166,316) |
| Other | - | - | 23,472 | 23,472 |
| Total revenues | - | 470,000 | 327,156 | (142,844) |
| EXPENDITURES | | | | |
| Public safety | - | 470,000 | 279,609 | 190,391 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 47,547 | 47,547 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 1,800 | 1,800 |
| NET CHANGE IN FUND BALANCE | - | - | 49,347 | 49,347 |
| FUND BALANCES, BEGINNING OF YEAR | 91,823 | 91,823 | 91,823 | - |
| FUND BALANCES, END OF YEAR | $ 91,823 | $ 91,823 | $ 141,170 | $ 49,347 |

**EFFINGHAM COUNTY, GEORGIA**
PRISON COMMISSARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | $ - | $ 135,000 | $ 132,663 | $ (2,337) |
| EXPENDITURES | | | | |
| Public safety | - | 135,100 | 132,695 | 2,405 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | - | (100) | (32) | 68 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (773) | (773) |
| NET CHANGE IN FUND BALANCE | - | (100) | (805) | (705) |
| FUND BALANCES, BEGINNING OF YEAR | 805 | 805 | 805 | - |
| FUND BALANCES, END OF YEAR | $ 805 | $ 705 | $ - | $ (705) |

**EFFINGHAM COUNTY, GEORGIA**
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Intergovernmental | - | - | $ 577,931 | $ 577,931 |
| Investment earnings | - | - | 179 | 179 |
| Total revenues | - | - | 578,110 | 578,110 |
| EXPENDITURES | | | | |
| Public works | $ 350,000 | $ 600,000 | 462,605 | 137,395 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (350,000) | (600,000) | 115,505 | 715,505 |
| FUND BALANCES, BEGINNING OF YEAR | 1,869,971 | 1,869,971 | 1,869,971 | - |
| FUND BALANCES, END OF YEAR | $ 1,519,971 | $ 1,269,971 | $ 1,985,476 | $ 715,505 |

**EFFINGHAM COUNTY, GEORGIA**
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | 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 | - | 50,000 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | 1 | 1 |
| FUND BALANCES, BEGINNING OF YEAR | 7,054 | 7,054 | - |
| FUND BALANCES, END OF YEAR | $ 7,054 | $ 7,055 | $ 1 |

**EFFINGHAM COUNTY, GEORGIA**
STATE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Fines and forfeitures | $ 50,000 | $ 6,469 | $ (43,531) |
| EXPENDITURES | | | |
| Public safety | - | - | - |
| EXCESS OF REVENUES OVER EXPENDITURES | 50,000 | 6,469 | (43,531) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (50,000) | (1,800) | 48,200 |
| NET CHANGE IN FUND BALANCES | - | 4,669 | 4,669 |
| FUND BALANCES, BEGINNING OF YEAR | 95 | 95 | - |
| FUND BALANCES, END OF YEAR | $ 95 | $ 4,764 | $ 4,669 |

**EFFINGHAM COUNTY, GEORGIA**
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental | - | $ 4,089 | $ 4,089 |
| Charges for services | $ 878,431 | 1,022,205 | 143,774 |
| Investment earnings | - | 68 | 68 |
| Total revenues | 878,431 | 1,026,362 | 147,931 |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 1,050,708 | 883,824 | 166,884 |
| Debt service | | | |
| Principal | 128,500 | 128,454 | 46 |
| Interest | 15,000 | 14,337 | 663 |
| Total expenditures | 1,194,208 | 1,026,615 | 167,593 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (315,777) | (253) | 315,524 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 185,777 | - | (185,777) |
| NET CHANGE IN FUND BALANCE | (130,000) | (253) | 129,747 |
| FUND BALANCES, BEGINNING OF YEAR | 814,274 | 814,274 | - |
| FUND BALANCES, END OF YEAR | $ 684,274 | $ 814,021 | $ 129,747 |

**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, 2017

| | 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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Fines and forfeitures | $ 2,500 | $ 5,000 | $ 2,657 | $ (2,343) |
| Investment earnings | - | - | 4 | 4 |
| Total revenues | 2,500 | 5,000 | 2,661 | (2,339) |
| EXPENDITURES | | | | |
| Health and welfare | - | 2,500 | - | 2,500 |
| NET CHANGE IN FUND BALANCE | 2,500 | 2,500 | 2,661 | 161 |
| FUND BALANCES, BEGINNING OF YEAR | 36,485 | 36,485 | 36,485 | - |
| FUND BALANCES, END OF YEAR | $ 38,985 | $ 38,985 | $ 39,146 | $ 161 |

**EFFINGHAM COUNTY, GEORGIA**
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Fines and forfeitures | $ 45,334 | $ 115,334 | $ 64,173 | $ (51,161) |
| Investment earnings | - | - | 9 | 9 |
| Total revenues | 45,334 | 115,334 | 64,182 | (51,152) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (70,000) | - | 70,000 |
| NET CHANGE IN FUND BALANCE | 45,334 | 45,334 | 64,182 | 18,848 |
| FUND BALANCES, BEGINNING OF YEAR | 72,694 | 72,694 | 72,694 | - |
| FUND BALANCES, END OF YEAR | $ 118,028 | $ 118,028 | $ 136,876 | $ 18,848 |

**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, 2017

| | Original Budget | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Intergovernmental | - | $ 135,000 | $ 276,515 | $ 141,515 |
| Charges for services | $ 1,161,798 | 1,170,798 | 1,650,729 | 479,931 |
| Other | - | - | 12,000 | 12,000 |
| Total revenues | 1,161,798 | 1,305,798 | 1,939,244 | 633,446 |
| EXPENDITURES | | | | |
| Public safety | 3,061,958 | 3,205,958 | 3,197,878 | 8,080 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,900,160) | (1,900,160) | (1,258,634) | 641,526 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,900,160 | 1,900,160 | 1,900,160 | - |
| NET CHANGE IN FUND BALANCE | - | - | 641,526 | 641,526 |
| FUND BALANCES, BEGINNING OF YEAR | 145,809 | 145,809 | 145,809 | - |
| FUND BALANCES, END OF YEAR | $ 145,809 | $ 145,809 | $ 787,335 | $ 641,526 |

**EFFINGHAM COUNTY, GEORGIA**
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Budget | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Licenses and permits | $ 536,574 | $ 549,574 | $ 690,182 | $ 140,608 |
| Intergovernmental | - | - | 1,317 | 1,317 |
| Investment earnings | - | - | 5,664 | 5,664 |
| Other | - | - | 90 | 90 |
| Total revenues | 536,574 | 549,574 | 697,253 | 147,679 |
| EXPENDITURES | | | | |
| Housing and development | 551,167 | 754,167 | 645,891 | 108,276 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (14,593) | (204,593) | 51,362 | 255,955 |
| SPECIAL ITEM | | | | |
| Legal settlement | - | (1,500,000) | (1,500,000) | - |
| NET CHANGE IN FUND BALANCE | (14,593) | (1,704,593) | (1,448,638) | 255,955 |
| FUND BALANCES, BEGINNING OF YEAR | 1,004,814 | 1,004,814 | 1,004,814 | - |
| FUND BALANCES, END OF YEAR | $ 990,221 | $ (699,779) | $ (443,824) | $ 255,955 |

**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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | - | $ 10,000 | $ 8,575 | $ (1,425) |
| Investment earnings | - | - | 4 | 4 |
| Total revenues | - | 10,000 | 8,579 | (1,421) |
| EXPENDITURES | | | | |
| Health and welfare | $ 95,735 | 105,735 | 100,454 | 5,281 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (95,735) | (95,735) | (91,875) | 3,860 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| NET CHANGE IN FUND BALANCE | 4,265 | 4,265 | 8,125 | 3,860 |
| FUND BALANCES, BEGINNING OF YEAR | 38,322 | 38,322 | 38,322 | - |
| FUND BALANCES, END OF YEAR | $ 42,587 | $ 42,587 | $ 46,447 | $ 3,860 |

**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, 2017

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Taxes | $ 15,000 | $ 13,658 | $ (1,342) |
| EXPENDITURES | | | |
| Housing and development | 15,000 | 10,926 | 4,074 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | 2,732 | 2,732 |
| FUND BALANCES, BEGINNING OF YEAR | 7,577 | 7,577 | - |
| FUND BALANCES, END OF YEAR | $ 7,577 | $ 10,309 | $ 2,732 |

**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, 2017

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Investment earnings | $ - | - | $ 30 | $ 30 |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | - | $ 3,055,000 | 3,055,000 | - |
| Interest | - | 140,600 | 140,600 | - |
| Total expenditures | - | 3,195,600 | 3,195,600 | - |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | - | (3,195,600) | (3,195,570) | 30 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 3,195,600 | 3,000,884 | (194,716) |
| NET CHANGE IN FUND BALANCE | - | - | (194,686) | (194,686) |
| FUND BALANCES, BEGINNING OF YEAR | 461,383 | 461,383 | 461,383 | - |
| FUND BALANCES, END OF YEAR | $ 461,383 | $ 461,383 | $ 266,697 | $ (194,686) |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2017

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ - | $ - | $ 34,025 | $ 34,025 |
| Receivables: | | | | |
| Accounts | - | - | 369 | 369 |
| Total Current Assets | - | - | 34,394 | 34,394 |
| Net pension asset | - | - | 5,165 | 5,165 |
| Capital Assets | | | | |
| Systems and equipment (net of depreciation) | - | - | 133,623 | 133,623 |
| Total Assets | - | - | 173,182 | 173,182 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Resources related to pensions | - | - | 2,800 | 2,800 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | 6,311 | 6,311 |
| Unearned revenue | 42,000 | 52,500 | - | 94,500 |
| Total Liabilities | 42,000 | 52,500 | 6,311 | 100,811 |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | 133,623 | 133,623 |
| Unrestricted | (42,000) | (52,500) | 36,048 | (58,452) |
| Total Net Position | $ (42,000) | $ (52,500) | $ 169,671 | $ 75,171 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Charges for services | $ - | $ - | $ 2,513 | $ 2,513 |
| OPERATING EXPENSES | | | | |
| Purchased services | - | - | 59,926 | 59,926 |
| Materials and supplies | - | - | 11,583 | 11,583 |
| Depreciation | - | - | 9,602 | 9,602 |
| Total operating expenses | - | - | 81,111 | 81,111 |
| OPERATING LOSS | - | - | (78,598) | (78,598) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings | - | - | 4 | 4 |
| INCOME (LOSS) BEFORE TRANSFERS | - | - | (78,594) | (78,594) |
| TRANSFERS IN (OUT) | - | - | 75,100 | 75,100 |
| CHANGE IN NET POSITION | - | - | (3,494) | (3,494) |
| NET POSITION, BEGINNING OF YEAR | (42,000) | (52,500) | 173,165 | 78,665 |
| NET POSITION, END OF YEAR | $ (42,000) | $ (52,500) | $ 169,671 | $ 75,171 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | $ - | $ - | $ 2,144 | $ 2,144 |
| Cash payments for goods and services | - | - | (87,047) | (87,047) |
| Net cash used by operating activities | - | - | (84,903) | (84,903) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund transfers | - | - | 75,100 | 75,100 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment earnings | - | - | 4 | 4 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - | - | (9,799) | (9,799) |
| CASH AND CASH EQUIVALENTS, JULY 1, 2016 | - | - | 43,824 | 43,824 |
| CASH AND CASH EQUIVALENTS, JUNE 30, 2017 | $ - | $ - | $ 34,025 | $ 34,025 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | $ - | $ - | $ (78,598) | $ (78,598) |
| Adjustments: | | | | |
| Depreciation | - | - | 9,602 | 9,602 |
| (Increase) decrease in operating assets | | | | |
| Accounts receivable | - | - | (369) | (369) |
| Increase (decrease) in operating liabilities | | | | |
| Accounts payable | - | - | (15,538) | (15,538) |
| Net cash used by operating activities | $ - | $ - | $ (84,903) | $ (84,903) |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

| | Tax Commissioner | Probate Court | Clerk of Courts | Magistrate Court | Sheriff | Probation | Total |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash | $ 1,081,806 | $ 81,841 | $ 306,940 | $ 9,425 | $ 107,921 | $ 18,628 | $ 1,606,561 |
| LIABILITIES | | | | | | | |
| Due to other entities and individuals | $ 1,081,806 | $ 81,841 | $ 306,940 | $ 9,425 | $ 107,921 | $ 18,628 | $ 1,606,561 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|---|---|---|---|---|
| **Tax Commissioner** | | | | |
| Assets | | | | |
| Cash | $ 1,086,523 | $ 68,430,773 | $ 68,435,490 | $ 1,081,806 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 1,086,523 | $ 68,430,773 | $ 68,435,490 | $ 1,081,806 |
| **Probate Court** | | | | |
| Assets | | | | |
| Cash | $ 87,857 | $ 401,474 | $ 407,490 | $ 81,841 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 87,857 | $ 401,474 | $ 407,490 | $ 81,841 |
| **Clerk of Courts** | | | | |
| Assets | | | | |
| Cash | $ 227,837 | $ 2,715,659 | $ 2,636,556 | $ 306,940 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 227,837 | $ 2,715,659 | $ 2,636,556 | $ 306,940 |
| **Magistrate Court** | | | | |
| Assets | | | | |
| Cash | $ 7,624 | $ 231,984 | $ 230,183 | $ 9,425 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 7,624 | $ 231,984 | $ 230,183 | $ 9,425 |
| **Sheriff** | | | | |
| Assets | | | | |
| Cash | $ 98,668 | $ 132,840 | $ 123,587 | $ 107,921 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 98,668 | $ 132,840 | $ 123,587 | $ 107,921 |
| **Probation** | | | | |
| Assets | | | | |
| Cash | $ 18,300 | $ 300,553 | $ 300,225 | $ 18,628 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 18,300 | $ 300,553 | $ 300,225 | $ 18,628 |
| **Total Agency Funds** | | | | |
| Assets | | | | |
| Cash | $ 1,526,809 | $ 72,213,283 | $ 72,133,531 | $ 1,606,561 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 1,526,809 | $ 72,213,283 | $ 72,133,531 | $ 1,606,561 |

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| **2006 SPLOST** | | | | | | |
| Public buildings | $ 8,000,000 | $ 8,130,489 | $ 7,907,889 | $ 222,600 | $ 8,130,489 | 100% |
| Roads, streets and bridges | 16,225,000 | 16,225,000 | 14,724,788 | - | 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 | 3,484,065 | 4,300,000 | 100% |
| 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 | $50,132,653 | $36,012,352 | 3,706,665 | $39,719,017 | 79.2% |
| | | | 2006 SPLOST total expenditures | $ 3,706,665 | | |
| **2012 SPLOST** | | | | | | |
| County jail | $16,000,000 | $16,000,000 | $ 8,410,317 | $ 3,055,000 | $11,465,317 | 72% |
| Public buildings | 2,692,000 | 2,692,000 | 1,056,558 | 82,156 | 1,138,714 | 42% |
| Roads, streets and bridges | 32,500,000 | 32,500,000 | 7,528,806 | 33,523 | 7,562,329 | 23% |
| Drainage projects | 1,100,000 | 1,100,000 | 371,543 | - | 371,543 | 34% |
| Recreation projects | 4,000,000 | 4,000,000 | 1,562,658 | 1,212,512 | 2,775,170 | 69% |
| Vehicles and equipment | 2,875,000 | 2,875,000 | 1,896,340 | 356,016 | 2,252,356 | 78% |
| Technology projects | 600,000 | 600,000 | 88,933 | - | 88,933 | 15% |
| Intergovernmental: | | | | | | |
| City of Rincon | 6,296,400 | 6,296,400 | 2,984,674 | 753,772 | 3,738,446 | 59% |
| City of Springfield | 2,619,000 | 2,619,000 | 963,729 | 243,382 | 1,207,111 | 46% |
| City of Guyton | 1,317,600 | 1,317,600 | 568,345 | 143,533 | 711,878 | 54% |
| | $70,000,000 | $70,000,000 | $25,431,903 | 5,879,894 | $31,311,797 | 44.7% |
| | | | 2012 SPLOST total expenditures | $ 5,879,894 | | |
| | | | Total SPLOST expenditures | $ 9,586,559 | | |
| | | | SPLOST capital projects fund total expenditures | $ 6,390,959 | | |
| | | | SPLOST debt service fund total expenditures | 3,195,600 | | |
| | | | | $ 9,586,559 | | |

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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, 2017, and the related notes to the financial statements, which collectively comprise Effingham County's basic financial statements, and have issued our report thereon dated February 22, 2018. 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. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

**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 in the accompanying schedule of findings and questioned costs. 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, Deal & Proctor

Statesboro, Georgia
February 22, 2018

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Identifying Number | Federal Expenditures |
|---|---|---|---|
| U.S. Department of Health and Human Services: | | | |
| Pass-through programs from Coastal Regional Commission of Georgia: | | | |
| Special Program for the Aging, Title III, Part C, Nutrition Services | 93.045 | 2017-08.2 | $ 48,981 |
| Nutrition Services Incentive Program | 93.053 | 2017-08.2 | 12,528 |
| Social Services Block Grant | 93.667 | 2017-08.2 | 4,985 |
| Total U.S. Department of Health and Human Services | | | 66,494 |
| U.S. Department of Homeland Security: | | | |
| Pass-through programs from Georgia Emergency Management Agency: | | | |
| Emergency Management Performance Grant | 97.042 | EMA-2016-EP-00001-501 | 16,175 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | PAS284079 | 1,002,126 |
| Total U.S. Department of Homeland Security | | | 1,018,301 |
| Total expenditures of federal awards | | | $ 1,084,795 |

## NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Effingham County, Georgia under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Effingham County, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Effingham County, Georgia.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Effingham County, Georgia has not elected to use the ten percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Effingham County, Georgia

## Report on Compliance for Each Major Federal Program

We have audited Effingham County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Effingham County, Georgia's major federal programs for the year ended June 30, 2017. Effingham County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Effingham County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Effingham County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Effingham County, Georgia's compliance.

*Opinion on Each Major Federal Program*

In our opinion, Effingham County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control over Compliance**

Management of Effingham County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Effingham County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Effingham County, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lanier, Deal & Proctor

Statesboro, Georgia
February 22, 2018

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

## SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Effingham County, Georgia.

2. One significant deficiency was disclosed during the audit of the financial statements in the 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*. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Effingham County, Georgia were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for Effingham County, Georgia expresses an unmodified opinion on all major federal programs.

6. No audit findings relative to the major federal award programs for Effingham County, Georgia are reported in this schedule.

7. The program tested as a major program was: Disaster Grants – Public Assistance, CFDA number 97.036.

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. Effingham County, Georgia was determined not to be a low-risk auditee.

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## FINDINGS – FINANCIAL STATEMENT AUDIT

## SIGNIFICANT DEFICIENCY

### 2017-1 Accounting for fiduciary funds

**Condition:** During our audit we noted that activity related to one of the County's fiduciary funds was booked in a special revenue fund in error. This error caused revenue and expenses to be materially overstated.

**Criteria:** The activity for fiduciary funds held by the County's constitutional officers should only be reported in agency funds and not within special revenue funds.

**Cause:** The activity in the special revenue funds held by the County's constitutional officers is only summarized and booked annually by the staff of the finance department.

**Effect:** This error caused revenue and expenses to be materially overstated within a special revenue fund.

**Recommendation:** We recommend that duplicate bank statements be sent to the finance department if possible for each special revenue fund maintained by individuals outside of the finance department so that activity can be recorded on a more frequent basis. We also recommend that the finance staff create a master list of all bank accounts held and which fund they are accounted for within the County's financial accounting system.

**Views of Responsible Officials and Planned Corrective Actions:** We will review our policies related to our accounting for bank accounts that are not maintained by the finance department to ensure that no fiduciary activity is recorded in special revenue funds and follow the recommendations above.

## FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.