# EFFINGHAM COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018, 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 1.3%, 0.8%, 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 1.3%, 0.8%, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the

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

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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, Deal + Proctor

Statesboro, GA
December 31, 2018

Within this section of the Effingham County, Georgia (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The County's assets exceeded its liabilities by $126,847,815 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $97,969,413 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 $18,863,394 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $10,015,008 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 $30,083,840 this year. This compares to the prior year ending fund balance of $26,080,758 showing an increase of $4,003,082 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 $1,559,114.
  (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 $5,229,634 or 17.71% of total General Fund expenditures for the fiscal year ending June 30, 2018.

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

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

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

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

The second government-wide statement is the Statement of Activities, which reports how the County's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important

purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

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

The government-wide financial statements are presented on pages 14 & 15 of this report.

***Fund Financial Statements***

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

The County has two kinds of funds:

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

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

The basic governmental fund financial statements are presented on pages 16 through 22 of this report.

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

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

The basic enterprise fund financial statements are presented on pages 23 through 25 of this report.***Notes to the Basic Financial Statements***

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

**Other Supplementary Information**

As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 55.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

### Financial Analysis of the County as a Whole

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

The County's net position at fiscal year-end is $126,847,815. The following table provides a summary of the County's net position:

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets: | | | | | | |
| Current Assets | 34.2 | 31.9 | 10.9 | 3.6 | 45.2 | 35.5 |
| Net Pension Asset | - | .4 | - | - | - | .4 |
| Capital Assets | 91.1 | 87.4 | 32.6 | 33.4 | 123.7 | 120.8 |
| Total Assets | 125.3 | 119.7 | 43.5 | 37.0 | 168.8 | 156.7 |
| Deferred Outflows of Resources | - | 1.0 | - | - | - | 1.0 |
| Liabilities | | | | | | |
| Current Liabilities | 5.2 | 9.9 | 4.9 | 5.9 | 10.1 | 15.8 |
| Long- Term Liabilities | 5.5 | 5.2 | 26.4 | 18.9 | 31.9 | 24.1 |
| Total Liabilities | 10.7 | 15.1 | 31.3 | 24.8 | 42.0 | 39.9 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 86.5 | 80.3 | 11.5 | 12.8 | 98.0 | 93.1 |
| Restricted | 18.8 | 19.6 | - | - | 18.9 | 19.6 |
| Unrestricted | 9.3 | 5.7 | .7 | -.6 | 10.0 | 5.1 |
| Total Net Position | 114.6 | 105.6 | 12.2 | 12.2 | 126.8 | 117.8 |

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.6 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $8,949,680 for governmental activities and increased by $96,484 for business-type activities. Note that approximately 75.4% 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 $739 thousand of unrestricted, undesignated and 11.5 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**

| | 2018 | | | | 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Governmental Activities | Business Activities | Total | % of Total | Governmental Activities | Business Activities | Total | % of Total |
| Revenues: | | | | | | | | |
| Program: | | | | | | | | |
| Charges for services | $ 10,362,814 | $ 7,373,126 | $ 17,735,940 | 28% | $ 8,503,270 | $ 7,471,625 | $ 15,974,895 | 27% |
| Operating grants | 1,097,811 | 73,348 | 1,171,159 | 2% | 3,302,532 | 420,977 | 3,723,509 | 6% |
| Capital grants | 2,966,523 | - | 2,966,523 | 4% | 1,469,612 | - | 1,469,612 | 3% |
| General: | | | | | | | | |
| Taxes | 41,124,821 | - | 41,124,821 | 65% | 37,390,226 | - | 37,390,226 | 63% |
| Other | 351,366 | 2,746 | 354,112 | 1% | 365,681 | 1,233 | 366,914 | 1% |
| Total revenues | 55,903,335 | 7,449,220 | 63,352,555 | 100% | 51,031,321 | 7,893,835 | 58,925,156 | 100% |
| Program Expenses: | | | | | | | | |
| General government | 5,774,917 | - | 5,774,917 | 11% | 5,553,594 | - | 5,553,594 | 11% |
| Judicial | 3,016,240 | - | 3,016,240 | 5% | 2,966,903 | - | 2,966,903 | 6% |
| Public safety | 23,135,922 | - | 23,135,922 | 42% | 22,213,315 | - | 22,213,315 | 42% |
| Public works | 6,489,215 | - | 6,489,215 | 12% | 5,638,039 | - | 5,638,039 | 11% |
| Health and welfare | 4,373,597 | - | 4,373,597 | 8% | 5,174,825 | - | 5,174,825 | 10% |
| Culture and recreation | 2,105,643 | - | 2,105,643 | 4% | 2,000,712 | - | 2,000,712 | 4% |
| Housing and development | 841,744 | - | 841,744 | 2% | 817,946 | - | 817,946 | 2% |
| Interest | 112,327 | - | 112,327 | 0% | 146,615 | - | 146,615 | 0% |
| Water & Sewer | - | 3,646,134 | 3,646,134 | 7% | - | 3,054,876 | 3,054,876 | 5% |
| Wastewater Treatment Plant | - | 1,399,621 | 1,399,621 | 3% | - | 1,314,621 | 1,314,621 | 2% |
| Sanitation | - | 3,497,258 | 3,497,258 | 6% | - | 3,775,055 | 3,775,055 | 7% |
| Other | - | 71,775 | 71,775 | 0% | - | 81,111 | 81,111 | 0% |
| Total expenses | 45,849,605 | 8,614,788 | 54,464,393 | 100% | 44,511,949 | 8,225,663 | 52,737,612 | 100% |
| Excess | 10,053,730 | (1,165,568) | 8,888,162 | | 6,519,372 | (331,828) | 6,187,544 | |
| Transfers | (1,242,602) | 1,242,602 | - | | (1,575,100) | 1,575,100 | - | |
| Special Item Dissolution of DB | 138,552 | 19,450 | 158,002 | | (1,500,000) | - | (1,500,000) | |
| Change in net position | 8,949,680 | 96,484 | 9,046,164 | | 3,444,272 | 1,243,272 | 4,687,544 | |
| Beginning net position | 105,652,257 | 12,149,394 | 117,801,651 | | 102,207,985 | 10,906,122 | 113,114,107 | |
| Ending net position | $ 114,601,937 | $ 12,245,878 | $ 126,847,815 | | $ 105,652,257 | $ 12,149,394 | $ 117,801,651 | |

### Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2018, excluding property taxes for the hospital authority, property taxes provided 30.74% of the County's governmental revenues. Inclusive of hospital property taxes, total property taxes provided 38.13% of governmental revenues and sales taxes provided 29.51% of the County's governmental revenues. Charges for services and other program revenues cover only 31.47% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 68.53% 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 50.46% (49.90% in 2017) of the County's total governmental expenses. The public works function makes up 14.15% (12.67% in 2017) 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 | $ 5,774,917 | $ 4,390,553 |
| Judicial | 3,016,240 | 2,881,043 |
| Public safety | 23,135,922 | 14,496,057 |
| Public works | 6,489,215 | 4,967,531 |
| Health and welfare | 4,373,597 | 4,013,768 |
| Culture and recreation | 2,105,643 | 323,097 |
| Housing and development | 841,744 | 238,081 |
| Interest on long-term debt | 122,327 | 112,327 |
| **Total** | **$ 45,859,605** | **$ 31,422,457** |

### Business-Type Activities

The County is in its fifteenth year of the development of its water and sewer operations. The operating revenues for water, sewer, and wastewater in 2018 were $3,924,220 and $4,124,100 for 2017. Operating expenses for 2018 were $3,848,611 and $3,659,742 for 2017. Operating income of $75,609 was earned for 2018 and for 2017 the operating income was $464,358.

The operating revenues for the sanitation fund were $3,446,629 for 2018 and $3,345,012 for 2017. This activity resulted in an operating loss of $50,629.

## FUND LEVEL FINANCIAL STATEMENTS

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

***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term 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 $30,083,840. Of this year-end total, $4,839,326 is unassigned indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the restricted fund balances) include but are not limited to: $9,031,758 committed to approved SPLOST projects from sales tax, and $2,036,581 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 an increase of $4,003,082 or 15.35% of the prior years' total fund balance. This increase 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 $4,253,641 from the prior year. This was due to normal revenues increasing to a greater extent than did expenditures, while the dissolution of the defined benefit plan provided a one-time increase to revenues for 2018.

Property tax revenues have increased 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 tax year 2017 (which funds fiscal year 2018) the millage rate was 6.558 mils county-wide for maintenance and operations, and an additional 1.75 mils in the unincorporated parts of the County to fund roads and recreation. The general fund's ending fund balance is considered to be in a sound position, representing the equivalent of 39.32% 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 $29.5 million, an increase from the prior year. Major groupings of expenditures showed:

General fund general government costs increased from $4,516,841 in 2017 to $4,667,788 in 2018.

General fund public safety costs increased from $15,633,135 in 2017 to $16,591,405 in 2018.

General fund public works costs were decreased from $2,672,621 in 2017 to $1,915,297 in 2018.

***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 $966,517 primarily related to intergovernmental revenue. The actual revenue from charges and services was $440,229 above the final budget. Property taxes were $51,879 above the final budgeted revenue. For investment earnings, the revenue was above budget by $24,713.

***Expenditures*** - The expenditure side of the original budget for the General Fund was revised upward for various items including utility costs and personnel costs for the Sheriff's Office.

## 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, 2018, was $91,074,262 and $32,579,885 respectively. The total net increase in this net investment was $3,682,862 for governmental activities, and a $671,777 decrease for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $9,333,124. Depreciation for governmental activities was $5,531,957. Business-type assets depreciation was $1,042,235.

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 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| 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 | 13,901,914 | 8,930,128 | 715,572 | 407,130 | 14,617,486 | 9,337,258 |
| Total non-depreciable assets | 27,273,779 | 22,301,993 | 1,954,636 | 1,646,194 | 29,228,415 | 23,948,187 |
| Depreciable assets: | | | | | | |
| Buildings | 54,990,465 | 54,607,999 | 16,842,312 | 16,842,312 | 71,832,777 | 71,450,311 |
| Other equipment | 29,352,838 | 27,294,176 | 2,643,032 | 2,600,067 | 31,995,870 | 29,894,243 |
| Infrastructure | 119,995,117 | 118,354,816 | 24,290,728 | 24,271,677 | 144,285,845 | 142,626,493 |
| Total depreciable assets | 204,338,420 | 200,256,991 | 43,776,072 | 43,714,056 | 248,114,492 | 243,971,047 |
| Less accumulated depreciation | 140,537,937 | 135,167,584 | 13,150,823 | 12,108,588 | 153,688,760 | 147,276,172 |
| Book value - depreciable assets | 63,800,483 | 65,089,407 | 30,625,249 | 31,605,468 | 94,425,732 | 96,694,875 |
| Remaining to depreciate | 31% | 33% | 70% | 72% | 38% | 40% |
| Book value - all assets | $ 91,074,262 | $ 87,391,400 | $ 32,579,885 | $ 33,251,662 | $ 123,654,147 | $ 120,643,062 |

At June 30, 2018, the depreciable capital assets for governmental activities had 31% 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 $4,615,405 and bonds payable within the Business-type activities of $27,650,000.

During the year, the County retired $133,066 of the E-911 capital lease and $403,648 of the capital lease for the patrol cars. Additional capital leases were made for patrol cars, Morgan Complex lighting, EMS equipment, and Sheriff Office 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 2018 $3,180,000 was retired, which fully retired and completed these certificates of participation.

During fiscal year 2018, the County refinanced all existing GEFA debt that was carried in the Water & Sewer and Wastewater Treatment Plant enterprise funds by issuing a revenue bond. An additional $8,000,000 was also issued with this revenue bond, bringing the total bond issuance to $28,935,000. Of this new bond, $1,285,000 was retired in fiscal year 2018. The related GEFA debt was fully retired.

| | Governmental Activities | | Percentage |
|---|---|---|---|
| | 2018 | 2017 | Change |
| Capital leases | $ 4,615,405 | $ 7,180,788 | -36% |
| Landfill closure and postclosure care | 1,559,114 | 1,719,594 | -9% |
| Compensated absences | 928,898 | 871,059 | 7% |
| Total | $ 7,103,417 | $ 9,771,441 | -27% |

See Notes 8, 9 and 10 for additional information about the County's long-term debt.

**Economic Conditions Affecting the County**

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

The County is growing with a population increase of 60% from 2000 to 2017, using the estimated population per the U.S. Census Bureau.

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

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County's Administrator or Finance Director at 601 North Laurel Street, Springfield, Georgia 31329 or telephone 912-754-2111 or 912-754-8011.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF NET POSITION
JUNE 30, 2018

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Effingham County Board of Health |
| **ASSETS** | | | | |
| **Current Assets:** | | | | |
| Cash and cash equivalents | $ 16,316,418 | $ 10,126,436 | $ 26,442,854 | $ 2,139,750 |
| Restricted cash | 187,633 | - | 187,633 | - |
| Investments | 12,595,413 | 201,542 | 12,796,955 | - |
| Receivables: | | | | |
| Accounts | 549,892 | 463,515 | 1,013,407 | 40,146 |
| Taxes | 788,972 | - | 788,972 | - |
| Intergovernmental | 3,162,521 | 94,797 | 3,257,318 | 29,149 |
| Internal balances | (52,478) | 52,478 | - | - |
| Inventories | 59,353 | 5,999 | 65,352 | - |
| Prepaid items | 595,734 | 2,457 | 598,191 | - |
| **Total Current Assets** | 34,203,458 | 10,947,224 | 45,150,682 | 2,209,045 |
| **Capital Assets:** | | | | |
| Nondepreciable capital assets | 27,273,779 | 1,954,636 | 29,228,415 | - |
| Depreciable capital assets, net | 63,800,483 | 30,625,249 | 94,425,732 | 26,095 |
| **Total Capital Assets** | 91,074,262 | 32,579,885 | 123,654,147 | 26,095 |
| **Total Assets** | 125,277,720 | 43,527,109 | 168,804,829 | 2,235,140 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Resources related to pensions | - | - | - | 191,871 |
| **LIABILITIES** | | | | |
| **Current Liabilities:** | | | | |
| Accounts payable | 2,498,682 | 978,938 | 3,477,620 | 16,849 |
| Accrued interest payable | 69,183 | 61,124 | 130,307 | - |
| Other accrued liabilities | 744,434 | 3,382 | 747,816 | - |
| Performance bonds | 260,067 | - | 260,067 | - |
| Retainage payable | - | - | - | - |
| Customer deposits | - | 187,612 | 187,612 | - |
| Unearned revenue | - | 2,395,493 | 2,395,493 | - |
| Compensated absences payable | 557,339 | 2,809 | 560,148 | 12,286 |
| Capital leases payable | 1,084,588 | - | 1,084,588 | - |
| Notes payable | - | 1,245,000 | 1,245,000 | - |
| **Total Current Liabilities** | 5,214,293 | 4,874,358 | 10,088,651 | 29,135 |
| **Long-Term Liabilities:** | | | | |
| Notes payable (net of current portion) | - | 26,405,000 | 26,405,000 | - |
| Compensated absences payable (net of current portion) | 371,559 | 1,873 | 373,432 | 49,143 |
| Capital leases payable (net of current portion) | 3,530,817 | - | 3,530,817 | - |
| Landfill postclosure care costs | 1,559,114 | - | 1,559,114 | - |
| Net pension liability | - | - | - | 626,085 |
| Net OPEB liability | - | - | - | 545,860 |
| **Total Long-Term Liabilities** | 5,461,490 | 26,406,873 | 31,868,363 | 1,221,088 |
| **Total Liabilities** | 10,675,783 | 31,281,231 | 41,957,014 | 1,250,223 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Resources related to pensions | - | - | - | 90,707 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 86,458,857 | 11,510,556 | 97,969,413 | 26,095 |
| Restricted for: | | | | |
| Capital projects | 9,031,758 | - | 9,031,758 | - |
| Service delivery to unincorporated areas | 5,981,801 | - | 5,981,801 | - |
| Debt service | 6 | - | 6 | - |
| Other purposes | 3,849,829 | - | 3,849,829 | 421,127 |
| Unrestricted | 9,279,686 | 735,322 | 10,015,008 | 638,859 |
| **Total Net Position** | $ 114,601,937 | $ 12,245,878 | $ 126,847,815 | $ 1,086,081 |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| 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 | $ 5,774,917 | $ 1,265,986 | $ 118,378 | - | $ (4,390,553) | - | $ (4,390,553) | |
| Judicial | 3,016,240 | 94,713 | 40,484 | - | (2,881,043) | - | (2,881,043) | |
| Public safety | 23,135,922 | 7,954,000 | 621,855 | $ 64,010 | (14,496,057) | - | (14,496,057) | |
| Public works | 6,489,215 | - | 10,015 | 1,511,669 | (4,967,531) | - | (4,967,531) | |
| Health and welfare | 4,373,597 | 108,750 | 251,079 | - | (4,013,768) | - | (4,013,768) | |
| Culture and recreation | 2,105,643 | 335,702 | 56,000 | 1,390,844 | (323,097) | - | (323,097) | |
| Housing and development | 841,744 | 603,663 | - | - | (238,081) | - | (238,081) | |
| Interest and fiscal charges | 112,327 | - | - | - | (112,327) | - | (112,327) | |
| **Total governmental activities** | 45,849,605 | 10,362,814 | 1,097,811 | 2,966,523 | (31,422,457) | - | (31,422,457) | - |
| **Business-type Activities** | | | | | | | | |
| Water and Sewer | 3,646,134 | 3,186,183 | 5,268 | - | - | $ (454,683) | (454,683) | - |
| Wastewater Treatment Plant | 1,399,621 | 738,037 | - | - | - | (661,584) | (661,584) | - |
| Sanitation | 3,497,258 | 3,446,629 | 68,080 | - | - | 17,451 | 17,451 | - |
| Other | 71,775 | 2,277 | - | - | - | (69,498) | (69,498) | - |
| **Total business-type activities** | 8,614,788 | 7,373,126 | 73,348 | - | - | (1,168,314) | (1,168,314) | |
| **Total - Primary Government** | $ 54,464,393 | $ 17,735,940 | $ 1,171,159 | $ 2,966,523 | (31,422,457) | (1,168,314) | (32,590,771) | - |
| **Component Unit:** | | | | | | | | |
| Effingham County Board of Health | $ 839,032 | $ 457,345 | $ 599,996 | $ - | | | | $ 218,309 |
| | | **General Revenues** | | | | | | |
| | | Property taxes levied for general government purposes | | | 17,228,290 | - | 17,228,290 | - |
| | | Property taxes levied for hospital | | | 4,144,216 | - | 4,144,216 | - |
| | | Sales taxes | | | 16,537,094 | - | 16,537,094 | - |
| | | Insurance premium tax | | | 2,324,391 | - | 2,324,391 | - |
| | | Other taxes | | | 890,830 | - | 890,830 | - |
| | | Insurance recoveries | | | 172,987 | - | 172,987 | |
| | | Investment earnings | | | 37,388 | 2,746 | 40,134 | - |
| | | Other | | | 140,991 | - | 140,991 | 241,617 |
| | | **Total General Revenues** | | | 41,476,187 | 2,746 | 41,478,933 | 241,617 |
| | | **Transfers** | | | (1,242,602) | 1,242,602 | - | - |
| | | **Special Item - Dissolution of Defined Benefit Plan** | | | 138,552 | 19,450 | 158,002 | - |
| | | **Total General Revenues, Transfers, and Special Items** | | | 40,372,137 | 1,264,798 | 41,636,935 | 241,617 |
| | | **Change in Net Position** | | | 8,949,680 | 96,484 | 9,046,164 | 459,926 |
| | | **Net Position Beginning of Year, As Restated** | | | 105,652,257 | 12,149,394 | 117,801,651 | 626,155 |
| | | **Net Position End of Year** | | | $ 114,601,937 | $ 12,245,878 | $ 126,847,815 | $ 1,086,081 |

See accompanying note to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General | Special Tax District | SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 5,313,485 | $ 5,480,884 | $ 1,291,366 | $ 4,230,683 | $ 16,316,418 |
| Restricted cash | 187,633 | - | - | - | 187,633 |
| Investments | 4,837,432 | - | 7,757,981 | - | 12,595,413 |
| Receivables: | | | | | |
| Accounts | 331,285 | - | - | 218,607 | 549,892 |
| Taxes | 714,165 | 74,807 | - | - | 788,972 |
| Intergovernmental | 1,087,629 | - | 917,607 | 1,157,285 | 3,162,521 |
| Interfund | 925,580 | 1,000,000 | 3,465 | 31,445 | 1,960,490 |
| Inventories | 34,527 | - | 24,826 | - | 59,353 |
| Prepaid items | 586,979 | - | - | 8,755 | 595,734 |
| TOTAL ASSETS | $ 14,018,715 | $ 6,555,691 | $ 9,995,245 | $ 5,646,775 | $ 36,216,426 |
| LIABILITIES | | | | | |
| Accounts payable | $ 849,183 | $ 602 | $ 963,487 | $ 685,410 | $ 2,498,682 |
| Accrued liabilities | 638,953 | - | - | 105,481 | 744,434 |
| Performance bonds | 246,882 | - | - | 13,185 | 260,067 |
| Interfund payable | 57,008 | 573,288 | - | 1,382,672 | 2,012,968 |
| TOTAL LIABILITIES | 1,792,026 | 573,890 | 963,487 | 2,186,748 | 5,516,151 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 616,435 | - | - | - | 616,435 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 34,527 | - | - | - | 34,527 |
| Prepaid items | 586,979 | - | - | 8,755 | 595,734 |
| Restricted | | | | | |
| Landfill post-closure costs | 1,559,114 | - | - | - | 1,559,114 |
| Special service district - unincorporated area | - | 5,981,801 | - | - | 5,981,801 |
| Public safety | - | - | - | 2,036,581 | 2,036,581 |
| Public works, public safety, and recreation | - | - | - | 1,526,553 | 1,526,553 |
| Recreation | - | - | - | 92,955 | 92,955 |
| Housing and development | - | - | - | 12,497 | 12,497 |
| Health and welfare | - | - | - | 131,238 | 131,238 |
| Judicial | - | - | - | 41,750 | 41,750 |
| Capital projects - SPLOST | - | - | 9,031,758 | - | 9,031,758 |
| Debt service | - | - | - | 6 | 6 |
| Committed | | | | | |
| Economic stabilization | 4,200,000 | - | - | - | 4,200,000 |
| Unassigned | 5,229,634 | - | - | (390,308) | 4,839,326 |
| TOTAL FUND BALANCES | 11,610,254 | 5,981,801 | 9,031,758 | 3,460,027 | 30,083,840 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $ 14,018,715 | $ 6,555,691 | $ 9,995,245 | $ 5,646,775 | $ 36,216,426 |

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, 2018

| | | |
|---|---|---|
| **Amounts reported for governmental activities in the statement of net position are different because:** | | |
| **Total Governmental Fund Balances** | | $ 30,083,840 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Cost | $ 231,612,199 | |
| Less accumulated depreciation | (140,537,937) | 91,074,262 |
| 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 | | 616,435 |
| Long-term liabilities, including capital leases, compensated absences, and landfill closure and postclosure care costs 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 | $ (69,183) | |
| Capital leases payable | (4,615,405) | |
| Landfill post-closure care costs | (1,559,114) | |
| Compensated absences payable | (928,898) | (7,172,600) |
| **Net Position Of Governmental Activities** | | $ 114,601,937 |

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, 2018

| | General | Special Tax District | SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Taxes | $ 23,896,587 | $ 3,538,291 | $ 9,538,096 | $ 4,237,842 | $ 41,210,816 |
| Licenses and permits | 40,000 | - | - | 603,709 | 643,709 |
| Intergovernmental | 803,179 | - | 1,247,727 | 510,601 | 2,561,507 |
| Charges for services | 5,115,416 | - | - | 3,191,458 | 8,306,874 |
| Fines and forfeitures | 1,297,150 | - | - | 115,081 | 1,412,231 |
| Contributions and donations | 74,925 | - | 47,200 | 1,015,555 | 1,137,680 |
| Investment earnings | 34,713 | - | 95,919 | 2,677 | 133,309 |
| Other | 140,161 | - | | 830 | 140,991 |
| Total revenues | 31,402,131 | 3,538,291 | 10,928,942 | 9,677,753 | 55,547,117 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 4,667,788 | - | - | - | 4,667,788 |
| Judicial | 2,995,858 | - | - | - | 2,995,858 |
| Public safety | 16,591,405 | - | - | 4,773,277 | 21,364,682 |
| Public works | 1,915,297 | - | - | 792,213 | 2,707,510 |
| Health and welfare | 694,777 | - | - | 3,678,820 | 4,373,597 |
| Culture and recreation | 1,955,650 | 678 | - | 132,242 | 2,088,570 |
| Housing and development | 245,361 | - | - | 560,940 | 806,301 |
| Capital outlay | | | | | |
| General government | - | - | 10,185 | - | 10,185 |
| Public safety | - | - | 1,761,535 | - | 1,761,535 |
| Public works | - | - | 1,899,557 | - | 1,899,557 |
| Culture and recreation | - | - | 3,160,495 | 1,036,901 | 4,197,396 |
| Housing and development | - | - | 26,525 | - | 26,525 |
| Intergovernmental | - | - | 2,397,157 | - | 2,397,157 |
| Debt service: | | | | | |
| Principal | 431,431 | - | 538,215 | 3,313,065 | 4,282,711 |
| Interest | 32,792 | - | 115,940 | 89,226 | 237,958 |
| Total expenditures | 29,530,359 | 678 | 9,909,609 | 14,376,684 | 53,817,330 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,871,772 | 3,537,613 | 1,019,333 | (4,698,931) | 1,729,787 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | 43,105 | - | - | - | 43,105 |
| Proceeds from capital lease | 149,536 | - | 1,627,316 | - | 1,776,852 |
| Insurance recoveries | 172,987 | - | - | - | 172,987 |
| Transfers in | 573,288 | - | - | 5,032,859 | 5,606,147 |
| Transfers out | (80,000) | (3,612,925) | (2,992,660) | (163,164) | (6,848,749) |
| Total other financing sources (uses) | 858,916 | (3,612,925) | (1,365,344) | 4,869,695 | 750,342 |
| SPECIAL ITEM | | | | | |
| Dissolution of defined benefit plan | 1,522,953 | - | - | - | 1,522,953 |
| NET CHANGE IN FUND BALANCES | 4,253,641 | (75,312) | (346,011) | 170,764 | 4,003,082 |
| FUND BALANCES, JULY 1, 2017 | 7,356,613 | 6,057,113 | 9,377,769 | 3,289,263 | 26,080,758 |
| FUND BALANCES, JUNE 30, 2018 | $ 11,610,254 | $ 5,981,801 | $ 9,031,758 | $ 3,460,027 | $ 30,083,840 |

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, 2018

| | | | | |
|---|---|---|---|---|
| **Amounts reported for governmental activities in the statement of activities are different because:** | | | | |
| **Net Change In Fund Balances - Total Governmental Funds** | | | | $ 4,003,082 |
| 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 | | $ (5,531,957) | |
| | Capital outlay | | 9,277,703 | 3,745,746 |
| 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: | | | |
| | | 6/30/2018 | - | |
| | | 6/30/2017 | (370,692) | (370,692) |
| 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 | | | |
| | | 6/30/2018 | - | |
| | | 6/30/2017 | (1,033,577) | (1,033,577) |
| | Deferred inflows | | | |
| | | 6/30/2018 | - | |
| | | 6/30/2017 | 19,868 | 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 @ 6/30/18 | 616,435 | |
| | | Unavailable @ 6/30/17 | (702,430) | (85,995) |
| Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. | | | | (62,883) |
| Other financing sources for the inception of capital leases and proceeds from notes payable are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements. | | | | (1,776,852) |
| 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. | | | | 4,282,711 |
| 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. | | | | 59,524 |
| 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 | | 66,107 | |
| | Change in compensated absences payable | | (57,839) | |
| | Change in landfill closure and postclosure care costs | | 160,480 | 168,748 |
| **Change In Net Position of Governmental Activities** | | | | $ 8,949,680 |

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, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | | | | |
| Property | $ 16,048,505 | $ 16,048,505 | $ 16,100,384 | $ 51,879 |
| Sales | 5,900,000 | 5,900,000 | 6,998,998 | 1,098,998 |
| Other | 472,000 | 472,000 | 797,205 | 325,205 |
| Licenses and permits | 37,100 | 37,100 | 40,000 | 2,900 |
| Intergovernmental | 477,884 | 1,386,401 | 803,179 | (583,222) |
| Charges for services | 4,675,187 | 4,675,187 | 5,115,416 | 440,229 |
| Fines and forfeitures | 1,247,500 | 1,247,500 | 1,297,150 | 49,650 |
| Contributions and donations | - | 58,000 | 74,925 | 16,925 |
| Investment earnings | 10,000 | 10,000 | 34,713 | 24,713 |
| Other | 257,283 | 257,283 | 140,161 | (117,122) |
| Total revenues | 29,125,459 | 30,091,976 | 31,402,131 | 1,310,155 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Commissioners' office | 329,603 | 365,969 | 362,649 | 3,320 |
| Elections | 278,194 | 260,087 | 231,581 | 28,506 |
| Financial administration | 1,528,278 | 1,546,319 | 1,542,230 | 4,089 |
| Information technology | 495,732 | 453,665 | 374,284 | 79,381 |
| Tax commissioner | 797,758 | 774,449 | 713,581 | 60,868 |
| Tax assessor | 801,008 | 753,220 | 740,249 | 12,971 |
| Government buildings | 633,326 | 767,000 | 703,214 | 63,786 |
| Total general government | 4,863,899 | 4,920,709 | 4,667,788 | 252,921 |
| Judicial: | | | | |
| Superior court clerk's office | 598,179 | 570,925 | 535,694 | 35,231 |
| Superior court | 744,209 | 784,309 | 755,404 | 28,905 |
| District attorney's office | 395,939 | 395,939 | 395,939 | - |
| State Court | 277,301 | 287,556 | 287,036 | 520 |
| Solicitor | 254,298 | 271,260 | 270,708 | 552 |
| Magistrate Court | 409,725 | 411,231 | 383,483 | 27,748 |
| Probate Court | 342,256 | 348,444 | 334,505 | 13,939 |
| Board of equalization | 49,791 | 52,316 | 33,089 | 19,227 |
| Total judicial | 3,071,698 | 3,121,980 | 2,995,858 | 126,122 |
| Public safety: | | | | |
| Emergency management | 30,545 | 44,899 | 42,587 | 2,312 |
| Sheriff | 6,747,216 | 6,916,337 | 6,910,865 | 5,472 |
| School resource officers | 330,028 | 330,028 | 285,744 | 44,284 |
| Jail | 2,969,610 | 2,933,610 | 2,916,504 | 17,106 |
| Correctional institute | 2,379,484 | 2,443,566 | 2,434,016 | 9,550 |
| Inmate medical | 349,100 | 445,100 | 440,417 | 4,683 |
| Probation | 247,134 | 256,954 | 247,105 | 9,849 |
| Emergency medical services | 3,011,843 | 3,053,349 | 3,051,518 | 1,831 |
| Coroner | 59,361 | 61,575 | 52,655 | 8,920 |
| Animal control | 255,282 | 270,982 | 209,994 | 60,988 |
| Total public safety | 16,379,603 | 16,756,400 | 16,591,405 | 164,995 |

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, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| EXPENDITURES (Continued) | | | | |
| Public works: | | | | |
| Roads | $ 1,630,003 | $ 1,786,781 | $ 1,797,989 | $ (11,208) |
| Roads - Cities | 272,277 | 4,277 | 117,308 | (113,031) |
| Total public works | 1,902,280 | 1,791,058 | 1,915,297 | (124,239) |
| Health and welfare: | | | | |
| Health Department | 264,267 | 264,267 | 264,267 | - |
| Department of Family and Children Services | 73,515 | 73,815 | 66,231 | 7,584 |
| Family connections | 47,760 | 48,960 | 48,500 | 460 |
| Senior citizens | 284,060 | 290,060 | 238,868 | 51,192 |
| Other community services | 40,500 | 40,500 | 76,911 | (36,411) |
| Total health and welfare | 710,102 | 717,602 | 694,777 | 22,825 |
| Culture and recreation | | | | |
| Recreation | 1,159,739 | 1,436,634 | 1,408,778 | 27,856 |
| Recreation - Cities | 117,104 | 43,104 | - | 43,104 |
| Library | 570,872 | 570,872 | 546,872 | 24,000 |
| Total culture and recreation | 1,847,715 | 2,050,610 | 1,955,650 | 94,960 |
| Housing and development: | | | | |
| Extension service | 185,136 | 186,822 | 168,094 | 18,728 |
| Geographic Information Systems | 76,112 | 85,314 | 75,017 | 10,297 |
| Economic development | 4,500 | 4,500 | 2,250 | 2,250 |
| Total housing and development | 265,748 | 276,636 | 245,361 | 31,275 |
| Debt service: | | | | |
| Principal | - | 431,174 | 431,431 | (257) |
| Interest | - | 36,697 | 32,792 | 3,905 |
| Total debt service | - | 467,871 | 464,223 | 3,648 |
| Total expenditures | 29,041,045 | 30,102,866 | 29,530,359 | 572,507 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 84,414 | (10,890) | 1,871,772 | 1,882,662 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 60,000 | 60,000 | 43,105 | (16,895) |
| Proceeds from capital lease | - | - | 149,536 | 149,536 |
| Insurance recoveries | 15,000 | 110,305 | 172,987 | 62,682 |
| Transfers in | - | - | 573,288 | 573,288 |
| Transfers out | (159,081) | (159,081) | (80,000) | 79,081 |
| Total other financing sources (uses) | (84,081) | 11,224 | 858,916 | 847,692 |
| SPECIAL ITEM | | | | |
| Dissolution of defined benefit plan | - | - | 1,522,953 | 1,522,953 |
| NET CHANGE IN FUND BALANCE | $ 333 | $ 334 | 4,253,641 | $ 4,253,307 |
| FUND BALANCE, BEGINNING OF YEAR | | | 7,356,613 | |
| FUND BALANCE, END OF YEAR | | | $ 11,610,254 | |

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, 2018

| | Original Budget | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | $ 3,457,348 | $ 3,458,129 | $ 3,538,291 | $ 80,162 |
| EXPENDITURES | | | | |
| Culture and recreation | - | 780 | 678 | 102 |
| EXCESS OF REVENUES OVER EXPENDITURES | 3,457,348 | 3,457,349 | 3,537,613 | 80,264 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,039,637) | (3,999,638) | (3,612,925) | 386,713 |
| NET CHANGE IN FUND BALANCE | $ 417,711 | $ (542,289) | (75,312) | $ 466,977 |
| FUND BALANCE, BEGINNING OF YEAR | | | 6,057,113 | |
| FUND BALANCE, END OF YEAR | | | $ 5,981,801 | |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | $ 7,055,400 | $ 1,562,570 | $ 1,459,260 | $ 49,206 | $ 10,126,436 |
| Investments | - | - | 201,542 | - | 201,542 |
| Receivables: | | | | | |
| Accounts | 455,567 | 7,787 | 161 | - | 463,515 |
| Intergovernmental | 26,717 | - | 68,080 | - | 94,797 |
| Interfund | 3,143,507 | 11,978 | 4,863 | 21,219 | 3,181,567 |
| Inventory | 5,999 | - | - | - | 5,999 |
| Prepaid items | 2,457 | - | - | - | 2,457 |
| Total Current Assets | 10,689,647 | 1,582,335 | 1,733,906 | 70,425 | 14,076,313 |
| Capital Assets | | | | | |
| Land | - | 1,086,706 | - | - | 1,086,706 |
| Easements | 152,358 | - | - | - | 152,358 |
| Construction in progress | 661,774 | - | 53,798 | - | 715,572 |
| Systems and equipment (net of depreciation) | 18,317,153 | 11,969,425 | 214,649 | 124,022 | 30,625,249 |
| Total Capital Assets | 19,131,285 | 13,056,131 | 268,447 | 124,022 | 32,579,885 |
| Total Assets | 29,820,932 | 14,638,466 | 2,002,353 | 194,447 | 46,656,198 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 936,507 | 39,208 | 2,207 | 1,016 | 978,938 |
| Accrued payroll | - | - | 3,382 | - | 3,382 |
| Compensated absences payable | - | - | 2,809 | - | 2,809 |
| Accrued interest payable | 37,047 | 24,077 | - | - | 61,124 |
| Customer deposits | 185,987 | 1,625 | - | - | 187,612 |
| Unearned revenue | 2,300,993 | - | - | 94,500 | 2,395,493 |
| Interfund payable | - | 3,129,089 | - | - | 3,129,089 |
| Notes payable | 754,590 | 490,410 | - | - | 1,245,000 |
| Total Current Liabilities | 4,215,124 | 3,684,409 | 8,398 | 95,516 | 8,003,447 |
| Long-Term Liabilities | | | | | |
| Compensated absences payable (net of current portion) | - | - | 1,873 | - | 1,873 |
| Notes payable (net of current portion) | 16,003,965 | 10,401,035 | - | - | 26,405,000 |
| Total Long-Term Liabilities | 16,003,965 | 10,401,035 | 1,873 | - | 26,406,873 |
| Total Liabilities | 20,219,089 | 14,085,444 | 10,271 | 95,516 | 34,410,320 |
| NET POSITION | | | | | |
| Net investment in capital assets | 8,953,401 | 2,164,686 | 268,447 | 124,022 | 11,510,556 |
| Unrestricted | 648,442 | (1,611,664) | 1,723,635 | (25,091) | 735,322 |
| Total Net Position | $ 9,601,843 | $ 553,022 | $ 1,992,082 | $ 98,931 | $ 12,245,878 |

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, 2018

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| OPERATING REVENUES | | | | | |
| Charges for services | $ 3,186,183 | $ 738,037 | $ 3,446,629 | $ 2,277 | $ 7,373,126 |
| OPERATING EXPENSES | | | | | |
| Salaries and employee benefits | - | - | 86,153 | - | 86,153 |
| Purchased services | 2,060,321 | 259,191 | 3,402,551 | 55,358 | 5,777,421 |
| Materials and supplies | 280,432 | 222,211 | 2,375 | 6,815 | 511,833 |
| Depreciation | 580,778 | 445,678 | 6,179 | 9,602 | 1,042,237 |
| Total operating expenses | 2,921,531 | 927,080 | 3,497,258 | 71,775 | 7,417,644 |
| OPERATING INCOME (LOSS) | 264,652 | (189,043) | (50,629) | (69,498) | (44,518) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Dissolution of defined benefit plan | 4,158 | 2,443 | (405) | 13,254 | 19,450 |
| Intergovernmental revenue | 5,268 | - | 68,080 | - | 73,348 |
| Investment earnings | 18 | 61 | 2,663 | 4 | 2,746 |
| Bond issuance cost | (240,197) | (156,105) | - | - | (396,302) |
| Interest expense | (484,406) | (316,436) | - | - | (800,842) |
| Total non-operating revenues (expenses) | (715,159) | (470,037) | 70,338 | 13,258 | (1,101,600) |
| INCOME (LOSS) BEFORE TRANSFERS | (450,507) | (659,080) | 19,709 | (56,240) | (1,146,118) |
| TRANSFERS IN (OUT) | 224,430 | 938,172 | - | 80,000 | 1,242,602 |
| CHANGE IN NET POSITION | (226,077) | 279,092 | 19,709 | 23,760 | 96,484 |
| NET POSITION, BEGINNING OF YEAR | 9,827,920 | 273,930 | 1,972,373 | 75,171 | 12,149,394 |
| NET POSITION, END OF YEAR | $ 9,601,843 | $ 553,022 | $ 1,992,082 | $ 98,931 | $ 12,245,878 |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Water & Sewer Operating | Wastewater Treatment Plant | Sanitation | Total Nonmajor Funds | Total Enterprise Funds |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | $ 3,096,396 | $ 736,921 | $ 3,446,493 | $ 2,646 | $ 7,282,456 |
| Cash payments to employees for services | - | - | (84,753) | - | (84,753) |
| Cash received from dissolution of defined benefit plan | 9,041 | 8,509 | 6,097 | 7,965 | 31,612 |
| Cash payments for goods and services | (2,686,777) | (490,646) | (3,670,880) | (67,469) | (6,915,772) |
| Net cash provided (used) by operating activities | 418,660 | 254,784 | (303,043) | (56,858) | 313,543 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Advances from (to) other funds | 220,538 | (246,989) | (4,863) | (21,219) | (52,533) |
| Interfund transfers | 224,430 | 938,172 | - | 80,000 | 1,242,602 |
| Dissolution of defined benefit plan | 4,158 | 2,443 | (405) | 13,254 | 19,450 |
| Operating grants received | - | - | 399,528 | - | 399,528 |
| Net cash provided (used) by noncapital financing activities | 449,126 | 693,626 | 394,260 | 72,035 | 1,609,047 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from bonds payable | 17,537,388 | 11,397,612 | - | - | 28,935,000 |
| Principal paid on notes payable | (10,542,208) | (11,215,985) | - | - | (21,758,193) |
| Interest paid on notes payable | (475,542) | (318,767) | - | - | (794,309) |
| Issuance costs on bonds payable | (240,197) | (156,105) | - | - | (396,302) |
| Purchase of capital assets | (316,660) | - | (53,798) | - | (370,458) |
| Net cash provided (used) by capital and related financing activities | 5,962,781 | (293,245) | (53,798) | - | 5,615,738 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment earnings | 18 | 61 | 2,663 | 4 | 2,746 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,830,585 | 655,226 | 40,082 | 15,181 | 7,541,074 |
| CASH AND CASH EQUIVALENTS, JULY 1, 2017 | 224,815 | 907,344 | 1,620,720 | 34,025 | 2,786,904 |
| CASH AND CASH EQUIVALENTS, JUNE 30, 2018 | $ 7,055,400 | $ 1,562,570 | $ 1,660,802 | $ 49,206 | $ 10,327,978 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | $ 264,652 | $ (189,043) | $ (50,629) | $ (69,498) | $ (44,518) |
| Adjustments: | | | | | |
| Depreciation | 580,778 | 445,678 | 6,179 | 9,602 | 1,042,237 |
| (Increase) decrease in operating assets: | | | | | |
| Accounts receivable | (71,724) | (1,116) | (136) | 369 | (72,607) |
| Inventory | 3,612 | - | - | | 3,612 |
| Prepaid items | (76) | - | - | - | (76) |
| Net pension asset | 3,517 | 2,970 | 1,386 | 5,165 | 13,038 |
| (Increase) decrease in deferred outflows of resources - Resources related to pensions | 6,839 | 6,877 | 4,824 | 2,800 | 21,340 |
| Increase (decrease) in deferred inflows of resources - Resources related to pensions | (63) | (87) | (113) | - | (263) |
| Increase (decrease) in operating liabilities: | | | | | |
| Accounts payable | (349,560) | (9,244) | (265,954) | (5,296) | (630,054) |
| Customer deposits | (18,063) | - | - | - | (18,063) |
| Accrued payroll | (1,252) | (1,251) | 39 | - | (2,464) |
| Compensated absences payable | - | - | 1,361 | - | 1,361 |
| Net cash provided (used) by operating activities | $ 418,660 | $ 254,784 | $ (303,043) | $ (56,858) | $ 313,543 |

See accompanying notes to the basic financial statements.

**EFFINGHAM COUNTY, GEORGIA**
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 2,046,335 |
| **Liabilities** | | |
| Due to other entities and individuals | $ | 2,046,335 |

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, 2018.

### 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, 2018, 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, 2018 in the following departments for the general fund:

| | General Fund |
|---|---|
| Roads | $ 11,208 |
| Roads - cities | 113,031 |
| Other community services | 36,411 |

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, 2018 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, 2018 which the County plans to eliminate with future revenues or transfers from other funds.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

The inspection and zoning special revenue fund had a deficit balance of $389,808 at June 30, 2018 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, 2018, the County has the following investments:

| Investments | Maturities | Fair Value | Credit Rating |
|---|---|---|---|
| Primary Government: | | | |
| Georgia Fund 1 | Average of 10 days WAM | $ 12,796,955 | AAAf |

*Interest Rate Risk* – The County dos not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

*Custodial Credit Risk – Deposits* – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

*Custodial Credit Risk – Investments* – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. State statues require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

At June 30, 2018, the carrying amount of the County's deposits and investments was $28,676,822 and the bank balance was $29,531,441. 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.

Discretely Presented Component Unit

The carrying amount of deposits for the Effingham County Board of Health was $2,139,500 and the bank balance was $2,139,688. As of June 30, 2018, the Board of Health did not have any balances exposed to custodial credit risk.

## NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, 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, 2018, property taxes were levied on August 15, 2017, and were due November 30, 2017.

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

The composition of interfund balances as of June 30, 2018 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Prison Commissary | $ 6,067 |
| | Hospital Indigent | 320,803 |
| | Fire Taxing District | 12,534 |
| | Inspections & Zoning | 90 |
| | Jail | 12,798 |
| | Special Tax District | 573,288 |
| Impact Fees | General Fund | 1,065 |
| | Fire Taxing District | 1,600 |
| Wireless E-911 | E-911 | 4,219 |
| Special Tax District | Inspections & Zoning | 400,000 |
| | Hospital Indigent | 600,000 |
| Fire Taxing District | Hospital Indigent | 24,561 |
| SPLOST | General Fund | 3,465 |
| Water and Sewer Operating | Wastewater Treatment Plant | 3,129,089 |
| | General Fund | 14,418 |
| Wastewater Treatment Plant | General Fund | 11,978 |
| Sanitation | General Fund | 4,863 |
| Landfill | General Fund | 21,219 |
| Total | | $ 5,142,057 |

Interfund balances at June 30, 2018 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

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

Interfund transfers for the year ended June 30, 2018, consisted of the following:

| | Transfers From: | | | | | |
|---|---|---|---|---|---|---|
| Transfers To: | General | Jail | SPLOST | Special Tax District | State Condemnation | Total |
| General | - | - | - | $ 573,288 | - | $ 573,288 |
| Fire Taxing District | - | - | - | 1,777,035 | - | 1,777,035 |
| Senior Citizens Activity | - | - | - | 100,000 | - | 100,000 |
| Sheriff Special Funds | - | - | - | - | $ 28,164 | 28,164 |
| SPLOST Debt Service | - | $ 135,000 | $ 2,857,804 | - | - | 2,992,804 |
| Reddick Field | - | - | 134,856 | - | - | 134,856 |
| Water and Sewer Operating | - | - | - | 224,430 | - | 224,430 |
| Wastewater Treatment Plant | - | - | - | 938,172 | - | 938,172 |
| Landfill | $ 80,000 | - | - | - | - | 80,000 |
| Total | $ 80,000 | $ 135,000 | $ 2,992,660 | $ 3,612,925 | $ 28,164 | $ 6,848,749 |

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 and the Jail 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, 2018 was as follows:

| | Balance 06/30/17 | Additions | Deductions | Balance 06/30/18 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 13,073,721 | - | - | $ 13,073,721 |
| Easements | 298,144 | - | - | 298,144 |
| Construction in progress | 8,930,128 | $ 5,027,207 | $ 55,421 | 13,901,914 |
| Total capital assets not being depreciated | 22,301,993 | 5,027,207 | 55,421 | 27,273,779 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 54,607,999 | 382,466 | - | 54,990,465 |
| Machinery and equipment | 27,294,176 | 2,283,150 | 224,488 | 29,352,838 |
| Infrastructure | 118,354,816 | 1,640,301 | - | 119,995,117 |
| Total capital assets being depreciated | 200,256,991 | 4,305,917 | 224,488 | 204,338,420 |
| Total capital assets | 222,558,984 | 9,333,124 | 279,909 | 231,612,199 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 22,617,007 | 2,067,234 | - | 24,684,241 |
| Machinery and equipment | 21,381,971 | 1,234,516 | 161,604 | 22,454,883 |
| Infrastructure | 91,168,606 | 2,230,207 | - | 93,398,813 |
| Total accumulated depreciation | 135,167,584 | 5,531,957 | 161,604 | 140,537,937 |
| Governmental activities capital assets, net | $ 87,391,400 | $ 3,801,167 | $ 118,305 | $ 91,074,262 |

## NOTE 7 – CAPITAL ASSETS (Continued)

Governmental activities depreciation expense:

| | |
|---|---|
| General government | $ 1,000,717 |
| Judicial | 306 |
| Public safety | 1,939,640 |
| Public works | 2,381,130 |
| Culture and Recreation | 174,722 |
| Housing and development | 35,442 |
| Total governmental activities depreciation expense | $ 5,531,957 |

Capital asset activity for the year ended June 30, 2018 for the County's enterprise funds was as follows:

| | Balance 06/30/17 | Additions | Deductions | Balance 06/30/18 |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 1,086,706 | - | $ - | $ 1,086,706 |
| Easements | 152,358 | - | - | 152,358 |
| Construction in progress | 407,130 | $ 308,442 | - | 715,572 |
| Total capital assets not being depreciated | 1,646,194 | 308,442 | - | 1,954,636 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 16,842,312 | - | - | 16,842,312 |
| Machinery and equipment | 2,600,067 | 42,965 | - | 2,643,032 |
| Infrastructure | 24,271,677 | 19,051 | - | 24,290,728 |
| Total capital assets being depreciated | 43,714,056 | 62,016 | - | 43,776,072 |
| Total capital assets | 45,360,250 | 370,458 | - | 45,730,708 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 4,623,479 | 419,454 | - | 5,042,933 |
| Equipment | 2,139,714 | 41,931 | - | 2,181,645 |
| Infrastructure | 5,345,395 | 580,850 | - | 5,926,245 |
| Total accumulated depreciation | 12,108,588 | 1,042,235 | - | 13,150,823 |
| Business-type activities capital assets, net | $ 33,251,662 | $ (671,777) | $ - | $ 32,579,885 |

Capital asset activity for the year ended June 30, 2018 for the Effingham County Board of Health was as follows:

| | Balance 07/01/17 | Additions | Deductions | Balance 06/30/18 |
|---|---|---|---|---|
| Component Unit: | | | | |
| Machinery and equipment | $ 73,663 | $ 22,071 | $ - | $ 95,734 |
| Less accumulated depreciation | (55,546) | (14,093) | - | (69,639) |
| Component unit capital assets, net | $ 32,416 | $ 7,978 | $ - | $ 26,095 |

## NOTE 8 – CAPITAL LEASES

Governmental Activities

The County has entered into lease agreements as lessee for financing various equipment costing $8,401,498. 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.

The accumulated depreciation on the various equipment was $3,344,576 at June 30, 2018.

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, 2018:

| Year ending June 30 | |
|---|---|
| 2019 | 1,219,516 |
| 2020 | 981,896 |
| 2021 | 823,436 |
| 2022 | 791,744 |
| 2023 | 478,018 |
| Thereafter | 764,854 |
| Total minimum lease payments | 5,059,464 |
| Less amount representing interest | 444,059 |
| Present value of future minimum lease payments | $ 4,615,405 |

## NOTE 9 – BONDS PAYABLE

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.

As of June 30, 2018, annual debt service requirements to maturity are as follows:

| Year ending | Business-type Activities | | |
|---|---|---|---|
| June 30 | Principal | Interest | Total |
| 2019 | $ 1,245,000 | $ 771,435 | $ 2,016,435 |
| 2020 | 1,275,000 | 736,700 | 2,011,700 |
| 2021 | 1,315,000 | 701,127 | 2,016,127 |
| 2022 | 1,350,000 | 664,439 | 2,014,439 |
| 2023 | 1,385,000 | 626,774 | 2,011,774 |
| 2024-2028 | 7,535,000 | 2,531,787 | 10,066,787 |
| 2029-2033 | 8,645,000 | 1,420,390 | 10,065,390 |
| 2034-2036 | 4,900,000 | 251,659 | 5,151,659 |
| | $ 27,650,000 | $ 7,704,311 | $ 35,354,311 |

## NOTE 10 – CHANGES IN LONG-TERM DEBT

| Governmental Activities | Balance June 30, 2017 | Additions | Reductions | Balance June 30, 2018 | Amounts Due In One Year |
|---|---|---|---|---|---|
| Capital lease payable - E-911 | $ 270,908 | - | $ 133,066 | $ 137,842 | $ 137,842 |
| Capital lease payable - Patrol Cars | 218,813 | - | 153,926 | 64,887 | 64,887 |
| Capital lease payable - Jail | 3,180,000 | - | 3,180,000 | - | - |
| Capital lease payable - Patrol Cars | 387,548 | - | 119,508 | 268,040 | 122,140 |
| Capital lease payable - Admin. Vehicles | 193,774 | - | 59,754 | 134,020 | 61,070 |
| Capital lease payable - Comm. equipment | 2,159,915 | - | 275,883 | 1,884,032 | 286,118 |
| Capital lease payable - Heart monitors | 78,568 | - | 49,189 | 29,379 | 29,379 |
| Capital lease payable - Public works equipment | 631,738 | - | 36,592 | 595,146 | 37,664 |
| Capital lease payable - Patrol Cars | - | $ 825,000 | 130,214 | 694,786 | 160,371 |
| Capital lease payable - EMS equipment | - | 149,536 | 12,461 | 137,075 | 29,907 |
| Capital lease payable - Recreation lighting | - | 610,000 | 113,742 | 496,258 | 117,729 |
| Capital lease payable - Sheriff equipment | - | 97,816 | 18,376 | 79,440 | 19,860 |
| Capital lease payable - Recreation lighting | - | 94,500 | - | 94,500 | 17,621 |
| Unamortized Premium | 59,524 | - | 59,524 | - | - |
| Total Capital Leases | 7,180,788 | 1,776,852 | 4,342,235 | 4,615,405 | 1,084,588 |
| Compensated absences payable | 871,059 | 57,839 | - | 928,898 | 557,339 |
| Landfill closure and post-closure care | 1,719,594 | - | 160,480 | 1,559,114 | - |
| Total Governmental Activities | $ 9,771,441 | $ 1,834,691 | $ 4,502,715 | $ 7,103,417 | $ 1,641,927 |
| Business-Type Activities | | | | | |
| Compensated absences payable | $ 3,321 | $ 1,361 | - | $ 4,682 | $ 2,809 |
| Bonds payable | - | 28,935,000 | $ 1,285,000 | 27,650,000 | 1,245,000 |
| Notes payable | 20,473,191 | - | 20,473,191 | - | - |
| Total Business-Type Activities | $ 20,476,512 | $ 28,936,361 | $ 21,758,191 | $ 27,654,682 | $ 1,247,809 |
| Component Unit | | | | | |
| Compensated absences payable | $ 40,396 | $ 21,033 | $ - | $ 61,429 | $ 12,286 |

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. Bonds 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 received a closure certificate dated October 11, 2017 from the Environmental Protection Division. A liability is being recognized based on the estimated future post-closure care costs that are expected to be incurred for thirty years after closure. The estimated total current cost of the landfill post-closure of $1,559,114 is based on the present value of the amount that would be paid if all equipment, facilities, and services necessary to maintain and monitor the closed landfill were acquired as of June 30, 2018. 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 post-closure costs, designates a portion of fund balance annually in an amount equal to the provision for the landfill post-closure care costs. However, unanticipated future inflation costs and additional costs that might arise from changes in the 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 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, 2018 was $801,904. Total employee contributions to the plans for the year ended June 30, 2018 was $628,884.

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.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

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 $269,226 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.

The retirement contributions for the year ended June 30, 2018 were $102,346. Contributions are fully vested to employees after 10 years of continuous service.

At June 30, 2018, the Board of Health reported $626,085 as a liability for its proportionate share of the net pension liabilities. For the year ended June 30, 2018, the Board of Health recognized pension expense of $29,689.

## 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

## NOTE 13 – RISK MANAGEMENT (Continued)

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

The County terminated its defined benefit pension plan effective December 31, 2016 by resolution of the County's Board of Commissioners on October 4, 2016. All participants were one hundred percent vested and lump sum payouts were made to active participants and deferred vested participants. Annuities were purchased for retired participants receiving monthly pension payments as of January 1, 2017. On June 15, 2018, the County received a plan liquidation payment in the amount of $1,576,519. Of this amount, $1,522,953 was recognized as a special item within the general fund on the County's Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds. A special item in the amount of $138,552 was recognized on the County's government-wide Statement of Activities for governmental activities after the prior year's net pension asset, deferred outflows, and deferred inflows were eliminated. The remaining $53,566 liquidation payment received was offset against the net pension asset, deferred outflows, and deferred inflows of the County's enterprise funds.

## 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 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, 2018, 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, 2018 follows:

| | | Percentage of tax receipts |
|---|---|---|
| Lodging tax receipts | $ 10,942 | |
| Disbursements to the: | | |
| Effingham County Chamber of Commerce | (8,754) | 80% |
| County for adminstrative costs | (2,188) | 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.

## NOTE 18 – TAX ABATEMENTS (Continued)

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, 2018, the cumulative property tax not collected by Effingham County due to incentive agreements was $2,046,556. Payments in lieu of taxes in the amount of $903,852 were received in the Special Tax District Fund related to these agreements.

## NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2018, the date that the financial statements were available to issue.

**EFFINGHAM COUNTY, GEORGIA**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

| | SPLOST Debt Service Fund | Reddick Field Capital Projects Fund | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 6 | $ 240,667 | $ 3,990,010 | $ 4,230,683 |
| Receivables: | | | | |
| Accounts | - | - | 218,607 | 218,607 |
| Intergovernmental | - | - | 1,157,285 | 1,157,285 |
| Interfund | - | - | 31,445 | 31,445 |
| Prepaid items | - | - | 8,755 | 8,755 |
| TOTAL ASSETS | $ 6 | $ 240,667 | $ 5,406,102 | $ 5,646,775 |
| LIABILITIES | | | | |
| Accounts payable | $ - | $ 147,712 | $ 537,698 | $ 685,410 |
| Accrued liabilities | - | - | 105,481 | 105,481 |
| Interfund payable | - | - | 1,382,672 | 1,382,672 |
| Performance bonds | - | - | 13,185 | 13,185 |
| TOTAL LIABILITIES | - | 147,712 | 2,039,036 | 2,186,748 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Prepaid items | - | - | 8,755 | 8,755 |
| Restricted | | | | |
| Public safety | - | - | 2,036,581 | 2,036,581 |
| Public works, public safety, and recreation | - | - | 1,526,553 | 1,526,553 |
| Recreation | - | 92,955 | - | 92,955 |
| Housing and development | - | - | 12,497 | 12,497 |
| Health and welfare | - | - | 131,238 | 131,238 |
| Judicial | - | - | 41,750 | 41,750 |
| Debt service | 6 | - | - | 6 |
| Unassigned | - | - | (390,308) | (390,308) |
| TOTAL FUND BALANCES | 6 | 92,955 | 3,367,066 | 3,460,027 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 6 | $ 240,667 | $ 5,406,102 | $ 5,646,775 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | SPLOST Debt Service Fund | Reddick Field Capital Projects Fund | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | - | - | $ 4,237,842 | $ 4,237,842 |
| Licenses and permits | - | - | 603,709 | 603,709 |
| Intergovernmental | - | - | 510,601 | 510,601 |
| Charges for services | - | - | 3,191,458 | 3,191,458 |
| Fines and forfeitures | - | - | 115,081 | 115,081 |
| Investment earnings | $ 5 | - | 2,672 | 2,677 |
| Contributions | - | $ 995,000 | 20,555 | 1,015,555 |
| Other | - | - | 830 | 830 |
| Total revenues | 5 | 995,000 | 8,682,748 | 9,677,753 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | - | 4,773,277 | 4,773,277 |
| Public works | - | - | 792,213 | 792,213 |
| Health and welfare | - | - | 3,678,820 | 3,678,820 |
| Culture and recreation | - | - | 132,242 | 132,242 |
| Housing and development | - | - | 560,940 | 560,940 |
| Capital outlay | | | | |
| Culture and recreation | - | 1,036,901 | - | 1,036,901 |
| Debt service: | | | | |
| Principal | 3,180,000 | - | 133,065 | 3,313,065 |
| Interest | 79,500 | - | 9,726 | 89,226 |
| Total expenditures | 3,259,500 | 1,036,901 | 10,080,283 | 14,376,684 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (3,259,495) | (41,901) | (1,397,535) | (4,698,931) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,992,804 | 134,856 | 1,905,199 | 5,032,859 |
| Transfers out | - | - | (163,164) | (163,164) |
| Total other financing sources (uses) | 2,992,804 | 134,856 | 1,742,035 | 4,869,695 |
| NET CHANGE IN FUND BALANCES | (266,691) | 92,955 | 344,500 | 170,764 |
| FUND BALANCES, JULY 1, 2017 | 266,697 | - | 3,022,566 | 3,289,263 |
| FUND BALANCES, JUNE 30, 2018 | $ 6 | $ 92,955 | $ 3,367,066 | $ 3,460,027 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | Hospital Indigent | Drug Abuse & Treatment Education | Sheriff | Prison Commissary | Impact Fees | Drug Seizure | State Condemnation | E-911 Fund |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | $1,027,939 | $ 71,592 | $ 173,797 | $ 26,583 | $ 892,456 | $ 7,056 | $ 2,867 | $ 558,509 |
| Receivables: | | | | | | | | |
| Accounts | - | - | - | - | - | - | - | 214,230 |
| Intergovernmental | - | - | - | - | 1,043,336 | - | - | - |
| Interfund | - | - | - | - | 2,665 | - | - | - |
| Prepaid items | - | - | - | 500 | - | - | - | 8,180 |
| TOTAL ASSETS | $1,027,939 | $ 71,592 | $ 173,797 | $ 27,083 | $ 1,938,457 | $ 7,056 | $ 2,867 | $ 780,919 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | $ 3,866 | $ 2,017 | $ 42,347 | $ 21,016 | $ 411,904 | - | - | $ 9,587 |
| Accrued payroll | - | 350 | - | - | - | - | - | 22,029 |
| Interfund payable | 945,364 | - | - | 6,067 | - | - | - | 4,219 |
| Performance bonds | - | - | - | - | - | - | - | - |
| Total liabilities | 949,230 | 2,367 | 42,347 | 27,083 | 411,904 | - | - | 35,835 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid items | - | - | - | 500 | - | - | - | 8,180 |
| Restricted: | | | | | | | | |
| Public safety | - | 69,225 | 131,450 | - | - | $ 7,056 | $ 2,867 | 736,904 |
| Public works, public safety, and recreation | - | - | - | - | 1,526,553 | - | - | - |
| Housing and development | - | - | - | - | - | - | - | - |
| Health and welfare | 78,709 | - | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | (500) | - | - | - | - |
| Total fund balances | 78,709 | 69,225 | 131,450 | - | 1,526,553 | 7,056 | 2,867 | 745,084 |
| TOTAL LIABILITIES AND FUND BALANCES | $1,027,939 | $ 71,592 | $ 173,797 | $ 27,083 | $ 1,938,457 | $ 7,056 | $ 2,867 | $ 780,919 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

| | Wireless E-911 Fund | Juvenile Services | County Jail | Fire Taxing District | Inspections & Zoning | Senior Citizens Activity | Hotel Motel Tax | Total |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | - | $ 41,750 | $ 69,965 | $ 1,010,020 | $ 39,492 | $ 54,918 | $ 13,066 | $ 3,990,010 |
| Receivables: | | | | | | | | |
| Accounts | - | - | - | 108 | 3,317 | - | 952 | 218,607 |
| Intergovernmental | - | - | 768 | 113,181 | - | - | - | 1,157,285 |
| Interfund | $ 4,219 | - | - | 24,561 | - | - | - | 31,445 |
| Prepaid items | - | - | - | 75 | - | - | - | 8,755 |
| TOTAL ASSETS | $ 4,219 | $ 41,750 | $ 70,733 | $ 1,147,945 | $ 42,809 | $ 54,918 | $ 14,018 | $ 5,406,102 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | - | - | - | $ 41,938 | $ 3,161 | $ 341 | $ 1,521 | $ 537,698 |
| Accrued payroll | - | - | - | 64,873 | 16,181 | 2,048 | - | 105,481 |
| Interfund payable | - | - | $ 12,798 | 14,134 | 400,090 | - | - | 1,382,672 |
| Performance bonds | - | - | - | - | 13,185 | - | - | 13,185 |
| Total liabilities | - | - | 12,798 | 120,945 | 432,617 | 2,389 | 1,521 | 2,039,036 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaid items | - | - | - | 75 | - | - | - | 8,755 |
| Restricted: | | | | | | | | |
| Public safety | $ 4,219 | - | 57,935 | 1,026,925 | - | - | - | 2,036,581 |
| Public works, public safety, and recreation | - | - | - | - | - | - | - | 1,526,553 |
| Housing and development | - | - | - | - | - | - | 12,497 | 12,497 |
| Health and welfare | - | - | - | - | - | 52,529 | - | 131,238 |
| Judicial | - | $ 41,750 | - | - | - | - | - | 41,750 |
| Unassigned | - | - | - | - | (389,808) | - | - | (390,308) |
| Total fund balances | 4,219 | 41,750 | 57,935 | 1,027,000 | (389,808) | 52,529 | 12,497 | 3,367,066 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 4,219 | $ 41,750 | $ 70,733 | $ 1,147,945 | $ 42,809 | $ 54,918 | $ 14,018 | $ 5,406,102 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Hospital Indigent | Drug Abuse & Treatment Education | Sheriff | Prison Commissary | Impact Fees | Drug Seizure | State Condemnation | E-911 Fund |
|---|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | | |
| Taxes | $ 4,226,900 | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | $ 465,405 | - | - | $ 6,587 |
| Charges for services | - | - | $ 366,520 | $ 153,718 | - | - | - | 1,036,996 |
| Fine and forfeitures | - | $ 30,160 | - | - | - | - | $ 26,266 | - |
| Contributions | - | - | 11,830 | - | - | - | - | - |
| Investment earnings | - | 6 | - | - | 127 | $ 1 | 1 | 61 |
| Other | - | - | - | - | - | - | - | - |
| Total revenues | 4,226,900 | 30,166 | 378,350 | 153,718 | 465,532 | 1 | 26,267 | 1,043,644 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | 22,697 | 416,234 | 153,718 | - | - | - | 969,790 |
| Public works | - | - | - | - | 792,213 | - | - | - |
| Housing and development | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 132,242 | | | |
| Health and welfare | 3,576,007 | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 133,065 |
| Interest | - | - | - | - | - | - | - | 9,726 |
| Total expenditures | 3,576,007 | 22,697 | 416,234 | 153,718 | 924,455 | - | - | 1,112,581 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 650,893 | 7,469 | (37,884) | - | (458,923) | 1 | 26,267 | (68,937) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | 28,164 | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (28,164) | - |
| Total other financing sources (uses) | - | - | 28,164 | - | - | - | (28,164) | - |
| SPECIAL ITEM | | | | | | | | |
| Legal settlement | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | 650,893 | 7,469 | (9,720) | - | (458,923) | 1 | (1,897) | (68,937) |
| FUND BALANCES, BEGINNING OF YEAR | (572,184) | 61,756 | 141,170 | - | 1,985,476 | 7,055 | 4,764 | 814,021 |
| FUND BALANCES, END OF YEAR | $ 78,709 | $ 69,225 | $ 131,450 | $ - | $ 1,526,553 | $ 7,056 | $ 2,867 | $ 745,084 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Wireless E-911 Fund | Juvenile Services | County Jail | Fire Taxing District | Inspections & Zoning | Senior Citizens Activity | Hotel Motel Tax | Total |
|---|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | | |
| Taxes | $ - | - | - | - | - | - | $ 10,942 | $ 4,237,842 |
| Licenses and permits | - | - | - | - | $ 603,709 | - | - | 603,709 |
| Intergovernmental | - | - | - | $ 38,609 | - | - | - | 510,601 |
| Charges for services | - | - | - | 1,625,334 | - | $ 8,890 | - | 3,191,458 |
| Fine and forfeitures | - | $ 2,600 | $ 56,055 | - | - | - | - | 115,081 |
| Contributions | - | - | - | 8,725 | - | - | - | 20,555 |
| Investment earnings | - | 4 | 4 | - | 2,463 | 5 | - | 2,672 |
| Other | - | - | - | 800 | 30 | - | - | 830 |
| Total revenues | - | 2,604 | 56,059 | 1,673,468 | 606,202 | 8,895 | 10,942 | 8,682,748 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | - | - | 3,210,838 | - | - | - | 4,773,277 |
| Public works | - | - | - | - | - | - | - | 792,213 |
| Housing and development | - | - | - | - | 552,186 | - | 8,754 | 560,940 |
| Culture and recreation | - | - | - | - | - | - | - | 132,242 |
| Health and welfare | - | - | - | - | - | 102,813 | - | 3,678,820 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 133,065 |
| Interest | - | - | - | - | - | - | - | 9,726 |
| Total expenditures | - | - | - | 3,210,838 | 552,186 | 102,813 | 8,754 | 10,080,283 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | 2,604 | 56,059 | (1,537,370) | 54,016 | (93,918) | 2,188 | (1,397,535) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | 1,777,035 | - | 100,000 | - | 1,905,199 |
| Transfers out | - | - | (135,000) | - | - | - | - | (163,164) |
| Total other financing sources (uses) | - | - | (135,000) | 1,777,035 | - | 100,000 | - | 1,742,035 |
| SPECIAL ITEM | | | | | | | | |
| Legal settlement | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | - | 2,604 | (78,941) | 239,665 | 54,016 | 6,082 | 2,188 | 344,500 |
| FUND BALANCES, BEGINNING OF YEAR | 4,219 | 39,146 | 136,876 | 787,335 | (443,824) | 46,447 | 10,309 | 3,022,566 |
| FUND BALANCES, END OF YEAR | $ 4,219 | $ 41,750 | $ 57,935 | $ 1,027,000 | $ (389,808) | $ 52,529 | $ 12,497 | $ 3,367,066 |

**EFFINGHAM COUNTY, GEORGIA**
HOSPITAL INDIGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Taxes | $3,600,000 | $ 4,226,900 | $ 626,900 |
| EXPENDITURES | | | |
| Health and welfare | 3,600,000 | 3,576,007 | 23,993 |
| NET CHANGE IN FUND BALANCE | - | 650,893 | 650,893 |
| FUND BALANCES, BEGINNING OF YEAR | (572,184) | (572,184) | - |
| FUND BALANCES, END OF YEAR | $ (572,184) | $ 78,709 | $ 650,893 |

**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, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Fines and forfeitures | $ 44,869 | $ 53,669 | $ 30,160 | $ (23,509) |
| Investment earnings | - | - | 6 | 6 |
| Total revenues | 44,869 | 53,669 | 30,166 | (23,503) |
| EXPENDITURES | | | | |
| Public safety | 15,859 | 24,659 | 22,697 | 1,962 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 29,010 | 29,010 | 7,469 | (21,541) |
| FUND BALANCES, BEGINNING OF YEAR | 61,756 | 61,756 | 61,756 | - |
| FUND BALANCES, END OF YEAR | $ 90,766 | $ 90,766 | $ 69,225 | $ (21,541) |

**EFFINGHAM COUNTY, GEORGIA**
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | $ - | $ 470,000 | $ 366,520 | $ (103,480) |
| Other | - | - | 11,830 | 11,830 |
| Total revenues | - | 470,000 | 378,350 | (91,650) |
| EXPENDITURES | | | | |
| Public safety | - | 470,000 | 416,234 | 53,766 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | - | (37,884) | (37,884) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 28,164 | 28,164 |
| NET CHANGE IN FUND BALANCE | - | - | (9,720) | (9,720) |
| FUND BALANCES, BEGINNING OF YEAR | 141,170 | 141,170 | 141,170 | - |
| FUND BALANCES, END OF YEAR | $ 141,170 | $ 141,170 | $ 131,450 | $ (9,720) |

**EFFINGHAM COUNTY, GEORGIA**
PRISON COMMISSARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | $ - | $ 160,000 | $ 153,718 | $ (6,282) |
| EXPENDITURES | | | | |
| Public safety | - | 160,000 | 153,718 | 6,282 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | $ - | $ - | $ - | $ - |

**EFFINGHAM COUNTY, GEORGIA**
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Intergovernmental | - | $ 800,000 | $ 465,405 | $ (334,595) |
| Investment earnings | - | - | 127 | 127 |
| Total revenues | - | 800,000 | 465,532 | (334,468) |
| EXPENDITURES | | | | |
| Public works | $ 350,000 | 800,000 | 792,213 | 7,787 |
| Culture and recreation | - | 231,605 | 132,242 | 99,363 |
| Total expenditures | 350,000 | 1,031,605 | 924,455 | 107,150 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (350,000) | (231,605) | (458,923) | (227,318) |
| FUND BALANCES, BEGINNING OF YEAR | 1,985,476 | 1,985,476 | 1,985,476 | - |
| FUND BALANCES, END OF YEAR | $ 1,635,476 | $ 1,753,871 | $ 1,526,553 | $ (227,318) |

**EFFINGHAM COUNTY, GEORGIA**
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | 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 | 7,055 | 7,055 | - |
| FUND BALANCES, END OF YEAR | $ 7,055 | $ 7,056 | $ 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, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Fines and forfeitures | $ 50,000 | $ 26,266 | $ (23,734) |
| Investment earnings | - | 1 | 1 |
| Total revenues | 50,000 | 26,267 | (23,733) |
| EXPENDITURES | | | |
| Public safety | - | - | - |
| EXCESS OF REVENUES OVER EXPENDITURES | 50,000 | 26,267 | (23,733) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (50,000) | (28,164) | 21,836 |
| NET CHANGE IN FUND BALANCES | - | (1,897) | (1,897) |
| FUND BALANCES, BEGINNING OF YEAR | 4,764 | 4,764 | - |
| FUND BALANCES, END OF YEAR | $ 4,764 | $ 2,867 | $ (1,897) |

**EFFINGHAM COUNTY, GEORGIA**
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Intergovernmental | - | - | $ 6,587 | $ 6,587 |
| Charges for services | $ 972,778 | $ 1,142,778 | 1,036,996 | (105,782) |
| Investment earnings | - | - | 61 | 61 |
| Total revenues | 972,778 | 1,142,778 | 1,043,644 | (99,134) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | 1,148,359 | 1,148,359 | 969,790 | 178,569 |
| Debt service | | | | |
| Principal | 193,500 | 193,500 | 133,065 | 60,435 |
| Interest | 10,000 | 10,000 | 9,726 | 274 |
| Total expenditures | 1,351,859 | 1,351,859 | 1,112,581 | 239,278 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (379,081) | (209,081) | (68,937) | 140,144 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 79,081 | 79,081 | - | (79,081) |
| NET CHANGE IN FUND BALANCE | (300,000) | (130,000) | (68,937) | 61,063 |
| FUND BALANCES, BEGINNING OF YEAR | 814,021 | 814,021 | 814,021 | - |
| FUND BALANCES, END OF YEAR | $ 514,021 | $ 684,021 | $ 745,084 | $ 61,063 |

**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, 2018

| | 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, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Fines and forfeitures | $ - | $ 2,600 | $ 2,600 |
| Investment earnings | - | 4 | 4 |
| Total revenues | - | 2,604 | 2,604 |
| EXPENDITURES | | | |
| Health and welfare | - | - | - |
| NET CHANGE IN FUND BALANCE | - | 2,604 | 2,604 |
| FUND BALANCES, BEGINNING OF YEAR | 39,146 | 39,146 | - |
| FUND BALANCES, END OF YEAR | $ 39,146 | $ 41,750 | $ 2,604 |

**EFFINGHAM COUNTY, GEORGIA**
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Fines and forfeitures | $ - | $ 135,000 | $ 56,055 | $ (78,945) |
| Investment earnings | - | - | 4 | 4 |
| Total revenues | - | 135,000 | 56,059 | (78,941) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (135,000) | (135,000) | - |
| NET CHANGE IN FUND BALANCE | - | - | (78,941) | (78,941) |
| FUND BALANCES, BEGINNING OF YEAR | 136,876 | 136,876 | 136,876 | - |
| FUND BALANCES, END OF YEAR | $ 136,876 | $ 136,876 | $ 57,935 | $ (78,941) |

**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, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Intergovernmental | - | - | $ 38,609 | $ 38,609 |
| Charges for services | $ 1,336,798 | $ 1,457,798 | 1,625,334 | 167,536 |
| Other | - | - | 9,525 | 9,525 |
| Total revenues | 1,336,798 | 1,457,798 | 1,673,468 | 215,670 |
| EXPENDITURES | | | | |
| Public safety | 3,113,833 | 3,234,833 | 3,210,838 | 23,995 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,777,035) | (1,777,035) | (1,537,370) | 239,665 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,777,035 | 1,777,035 | 1,777,035 | - |
| NET CHANGE IN FUND BALANCE | - | - | 239,665 | 239,665 |
| FUND BALANCES, BEGINNING OF YEAR | 787,335 | 787,335 | 787,335 | - |
| FUND BALANCES, END OF YEAR | $ 787,335 | $ 787,335 | $ 1,027,000 | $ 239,665 |

**EFFINGHAM COUNTY, GEORGIA**
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Licenses and permits | $ 670,915 | $ 603,709 | $ (67,206) |
| Investment earnings | - | 2,463 | 2,463 |
| Other | - | 30 | 30 |
| Total revenues | 670,915 | 606,202 | (64,713) |
| EXPENDITURES | | | |
| Housing and development | 757,909 | 552,186 | 205,723 |
| NET CHANGE IN FUND BALANCE | (86,994) | 54,016 | 141,010 |
| FUND BALANCES, BEGINNING OF YEAR | (443,824) | (443,824) | - |
| FUND BALANCES, END OF YEAR | $ (530,818) | $ (389,808) | $ 141,010 |

**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, 2018

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Charges for services | - | $ 8,300 | $ 8,890 | $ 590 |
| Investment earnings | - | - | 5 | 5 |
| Total revenues | - | 8,300 | 8,895 | 595 |
| EXPENDITURES | | | | |
| Health and welfare | $ 99,110 | 107,410 | 102,813 | 4,597 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (99,110) | (99,110) | (93,918) | 5,192 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| NET CHANGE IN FUND BALANCE | 890 | 890 | 6,082 | 5,192 |
| FUND BALANCES, BEGINNING OF YEAR | 46,447 | 46,447 | 46,447 | - |
| FUND BALANCES, END OF YEAR | $ 47,337 | $ 47,337 | $ 52,529 | $ 5,192 |

**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, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Taxes | $ 15,000 | $ 10,942 | $ (4,058) |
| EXPENDITURES | | | |
| Housing and development | 15,000 | 8,754 | 6,246 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | 2,188 | 2,188 |
| FUND BALANCES, BEGINNING OF YEAR | 10,309 | 10,309 | - |
| FUND BALANCES, END OF YEAR | $ 10,309 | $ 12,497 | $ 2,188 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2018

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ - | $ - | $ 49,206 | $ 49,206 |
| Receivables: | | | | |
| Interfund | - | - | 21,219 | 21,219 |
| Total Current Assets | - | - | 70,425 | 70,425 |
| Capital Assets | | | | |
| Systems and equipment (net of depreciation) | - | - | 124,022 | 124,022 |
| Total Assets | - | - | 194,447 | 194,447 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | 1,016 | 1,016 |
| Unearned revenue | 42,000 | 52,500 | - | 94,500 |
| Total Liabilities | 42,000 | 52,500 | 1,016 | 95,516 |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | 124,022 | 124,022 |
| Unrestricted | (42,000) | (52,500) | 69,409 | (25,091) |
| Total Net Position | $ (42,000) | $ (52,500) | $ 193,431 | $ 98,931 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Charges for services | $ - | $ - | $ 2,277 | $ 2,277 |
| OPERATING EXPENSES | | | | |
| Purchased services | - | - | 55,358 | 55,358 |
| Materials and supplies | - | - | 6,815 | 6,815 |
| Depreciation | - | - | 9,602 | 9,602 |
| Total operating expenses | - | - | 71,775 | 71,775 |
| OPERATING LOSS | - | - | (69,498) | (69,498) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Dissolution of defined benefit plan | - | - | 13,254 | 13,254 |
| Investment earnings | - | - | 4 | 4 |
| Total non-operating revenues (expenses) | - | - | 13,258 | 13,258 |
| INCOME (LOSS) BEFORE TRANSFERS | - | - | (56,240) | (56,240) |
| TRANSFERS IN (OUT) | - | - | 80,000 | 80,000 |
| CHANGE IN NET POSITION | - | - | 23,760 | 23,760 |
| NET POSITION, BEGINNING OF YEAR | (42,000) | (52,500) | 169,671 | 75,171 |
| NET POSITION, END OF YEAR | $ (42,000) | $ (52,500) | $ 193,431 | $ 98,931 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Water Impact Fees | Sewer Impact Fees | Landfill | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | $ - | $ - | $ 2,646 | $ 2,646 |
| Cash received from dissolution of defined benefit plan | - | - | 7,965 | 7,965 |
| Cash payments for goods and services | - | - | (67,469) | (67,469) |
| Net cash used by operating activities | - | - | (56,858) | (56,858) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund transfers | - | - | 80,000 | 80,000 |
| Dissolution of defined benefit plan | - | - | 13,254 | 13,254 |
| Advances from (to) other funds | - | - | (21,219) | (21,219) |
| Net cash provided (used) by noncapital and related financing activities | - | - | 72,035 | 72,035 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment earnings | - | - | 4 | 4 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - | - | 15,181 | 15,181 |
| CASH AND CASH EQUIVALENTS, JULY 1, 2017 | - | - | 34,025 | 34,025 |
| CASH AND CASH EQUIVALENTS, JUNE 30, 2018 | $ - | $ - | $ 49,206 | $ 49,206 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | $ - | $ - | $ (69,498) | $ (69,498) |
| Adjustments: | | | | |
| Depreciation | - | - | 9,602 | 9,602 |
| (Increase) decrease in operating assets | | | | |
| Accounts receivable | - | - | 369 | 369 |
| Net pension asset | - | - | 5,165 | 5,165 |
| (Increase) decrease in deferred outflows of resources - Resources related to pensions | - | - | 2,800 | 2,800 |
| Increase (decrease) in operating liabilities | | | | |
| Accounts payable | - | - | (5,296) | (5,296) |
| Net cash used by operating activities | $ - | $ - | $ (56,858) | $ (56,858) |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

| | Tax Commissioner | Probate Court | Clerk of Courts | Magistrate Court | Sheriff | Probation | Total |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash | $ 1,521,902 | $ 79,374 | $ 246,296 | $ 7,343 | $ 161,249 | $ 30,171 | $ 2,046,335 |
| LIABILITIES | | | | | | | |
| Due to other entities and individuals | $ 1,521,902 | $ 79,374 | $ 246,296 | $ 7,343 | $ 161,249 | $ 30,171 | $ 2,046,335 |

**EFFINGHAM COUNTY, GEORGIA**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Balance June 30, 2017 | Additions | Deductions | Balance June 30, 2018 |
|---|---|---|---|---|
| **Tax Commissioner** | | | | |
| Assets | | | | |
| Cash | $ 1,081,806 | $ 72,509,581 | $ 72,069,485 | $ 1,521,902 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 1,081,806 | $ 72,509,581 | $ 72,069,485 | $ 1,521,902 |
| **Probate Court** | | | | |
| Assets | | | | |
| Cash | $ 81,841 | $ 414,243 | $ 416,710 | $ 79,374 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 81,841 | $ 414,243 | $ 416,710 | $ 79,374 |
| **Clerk of Courts** | | | | |
| Assets | | | | |
| Cash | $ 306,940 | $ 2,765,893 | $ 2,826,537 | $ 246,296 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 306,940 | $ 2,765,893 | $ 2,826,537 | $ 246,296 |
| **Magistrate Court** | | | | |
| Assets | | | | |
| Cash | $ 9,425 | $ 309,349 | $ 311,431 | $ 7,343 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 9,425 | $ 309,349 | $ 311,431 | $ 7,343 |
| **Sheriff** | | | | |
| Assets | | | | |
| Cash | $ 107,921 | $ 127,812 | $ 74,484 | $ 161,249 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 107,921 | $ 127,812 | $ 74,484 | $ 161,249 |
| **Probation** | | | | |
| Assets | | | | |
| Cash | $ 18,628 | $ 324,238 | $ 312,695 | $ 30,171 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 18,628 | $ 324,238 | $ 312,695 | $ 30,171 |
| **Total Agency Funds** | | | | |
| Assets | | | | |
| Cash | $ 1,606,561 | $ 76,451,116 | $ 76,011,342 | $ 2,046,335 |
| Liabilities | | | | |
| Due to other entities and individuals | $ 1,606,561 | $ 76,451,116 | $ 76,011,342 | $ 2,046,335 |

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2018

| | 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 | $ 8,130,489 | $ - | $ 8,130,489 | 100% |
| Roads, streets and bridges | 16,225,000 | 14,724,788 | 14,724,788 | - | 14,724,788 | 100% |
| Drainage projects | 5,000,000 | 226,721 | 226,721 | - | 226,721 | 100% |
| Recreation projects | 4,300,000 | 4,300,000 | 4,300,000 | - | 4,300,000 | 100% |
| Vehicles and equipment | 3,000,000 | 1,014,398 | 1,014,398 | - | 1,014,398 | 100% |
| Technology projects | 1,000,000 | 1,000,000 | 1,000,000 | - | 1,000,000 | 100% |
| Water and sewer | 3,000,000 | 3,002,164 | 3,002,164 | - | 3,002,164 | 100% |
| Intergovernmental: | | | | | | |
| City of Rincon | 5,830,000 | 4,504,301 | 4,504,301 | - | 4,504,301 | 100% |
| City of Springfield | 2,425,000 | 1,873,574 | 1,873,574 | - | 1,873,574 | 100% |
| City of Guyton | 1,220,000 | 942,582 | 942,582 | - | 942,582 | 100% |
| | $50,000,000 | $39,719,017 | $39,719,017 | - | $39,719,017 | 100% |
| **2012 SPLOST** | | | | | | |
| County jail | $16,000,000 | $16,000,000 | $11,465,317 | $ 3,124,500 | $14,589,817 | 91% |
| Public buildings | 2,692,000 | 2,692,000 | 1,138,714 | 222,997 | 1,361,711 | 51% |
| Roads, streets and bridges | 32,500,000 | 32,500,000 | 7,562,329 | 808,747 | 8,371,076 | 26% |
| Drainage projects | 1,100,000 | 1,100,000 | 371,543 | 38,078 | 409,621 | 37% |
| Recreation projects | 4,000,000 | 5,195,726 | 2,775,170 | 2,420,556 | 5,195,726 | 100% |
| Vehicles and equipment | 2,875,000 | 3,553,723 | 2,252,356 | 1,301,367 | 3,553,723 | 100% |
| Technology projects | 600,000 | 600,000 | 88,933 | - | 88,933 | 15% |
| Intergovernmental: | | | | | | |
| City of Rincon | 6,296,400 | 3,738,446 | 3,738,446 | - | 3,738,446 | 100% |
| City of Springfield | 2,619,000 | 1,207,111 | 1,207,111 | - | 1,207,111 | 100% |
| City of Guyton | 1,317,600 | 711,878 | 711,878 | - | 711,878 | 100% |
| | $70,000,000 | $67,298,884 | $31,311,797 | 7,916,245 | $39,228,042 | 58.3% |
| | | | 2012 SPLOST total expenditures | $ 7,916,245 | | |

**EFFINGHAM COUNTY, GEORGIA**
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| **2017 SPLOST** | | | | | | |
| Public buildings | $ 3,385,525 | $ 3,385,525 | $ - | - | - | 0% |
| Roads, streets and bridges | 31,251,000 | 31,251,000 | - | - | - | 0% |
| Drainage projects | 911,488 | 911,488 | - | - | - | 0% |
| Recreation projects | 4,948,075 | 4,948,075 | - | - | - | 0% |
| Vehicles and equipment | 6,771,050 | 6,771,050 | - | - | - | 0% |
| Technology projects | 520,850 | 520,850 | - | - | - | 0% |
| Water and sewer | 4,297,012 | 4,297,012 | - | - | - | 0% |
| Intergovernmental: | | | | | | |
| City of Rincon | 11,838,000 | 11,838,000 | - | $ 1,584,054 | $ 1,584,054 | 13% |
| City of Springfield | 3,821,000 | 3,821,000 | - | 511,468 | 511,468 | 13% |
| City of Guyton | 2,256,000 | 2,256,000 | - | 301,635 | 301,635 | 13% |
| | $70,000,000 | $70,000,000 | $ - | 2,397,157 | $ 2,397,157 | 3.4% |
| | | | 2017 SPLOST total expenditures | $ 2,397,157 | | |
| | | | Total SPLOST expenditures | $ 10,313,402 | | |

| | |
|---|---|
| SPLOST capital projects fund total expenditures | $ 9,909,609 |
| SPLOST capital projects fund transfer out to Reddick Field | 134,856 |
| SPLOST debt service fund total expenditures | 3,259,500 |
| | 13,303,965 |
| Less: | |
| Intergovernmental Revenue | (1,181,047) |
| Capital lease proceeds spent | (1,627,316) |
| Capital contributions | (47,200) |
| Amount transferred from the Jail Fund to SPLOST debt service | (135,000) |
| | $ 10,313,402 |

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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, 2018, and the related notes to the financial statements, which collectively comprise Effingham County's basic financial statements, and have issued our report thereon dated December 31, 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 below that we consider to be a significant deficiency.

**2018-1 Inaccurate accounting records in the Tax Commissioner Agency Fund**

During our audit we noted numerous errors in the activity recorded within the Tax Commissioner's QuickBooks data file. These errors included duplicate entries, miscoded transactions, and entries for cash transactions that never occurred. In addition, some transactions were deleted after they cleared the bank. These errors resulted in significant additional audit time for the Tax Commissioner's office. In addition, monthly bank reconciliations are not being done in a timely fashion and not being reviewed for accuracy.

County response: We concur with this finding and will work with the Tax Commissioner to put procedures in place to ensure the accuracy of their financial records.

**Compliance and Other Matters**

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

**Effingham County, Georgia's Response to Finding**

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

**Purpose of this Report**

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

Lanier, Deal + Proctor

Statesboro, Georgia
December 31, 2018