EFFINGHAM COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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LANIER, DEAL & PROCTOR

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

WILLIAM RUSSELL LANIER, CPA
RICHARD N. DEAL, CPA, CGMA
KAY S. PROCTOR, CPA, CFE, CGMA
WILLIAM BLAKE BLOSER, CPA
TIFFANY D. JENKINS, CPA, CGMA
RICHARD N. DEAL II, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 units, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2019, 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% and 1.1%, respectively, of the assets and net position of Effingham County, Georgia. We did not audit the financial statements of the Effingham County Hospital Authority, a discretely presented component unit, which represents 30.2% and 14.2%, respectively, of the assets and net position 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% and 1.1%, respectively, of the assets and net position of Effingham County, Georgia. We did not audit the financial statements of the Effingham County Hospital Authority, a discretely presented component unit, which represents 30.2% and 14.2%, respectively, of the assets and net position 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 and the Effingham County Hospital Authority, 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 units, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2019, 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 23, 2019, 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 23, 2019

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, 2019. 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 $133,233,747 (net position) for the fiscal year reported.
- Total net position comprises the following:
  (1) Capital assets, net of related debt, of $102,648,820 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $20,970,530 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $9,614,397 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 $32,443,488 this year. This compares to the prior year ending fund balance of $30,083,840 showing an increase of $2,359,648 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 $1,646,528.
  (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 $6,154,405 or 22.10% of total General Fund expenditures for the fiscal year ending June 30, 2019.

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 48.

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 $133,233,747. The following table provides a summary of the County's net position:

Summary of Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current Assets	37.4	34.2	9.8	10.9	47.2	45.2
Net Pension Asset	-	-	-	-	-	-
Capital Assets	94.2	91.1	32.2	32.6	126.4	123.7
Total Assets	131.6	125.3	42.0	43.5	173.6	168.8
Deferred Outflows of Resources	-	-	-	-	-	-
Liabilities						
Current Liabilities	6.0	5.2	4.7	4.9	10.7	10.1
Long- Term Liabilities	4.6	5.5	25.1	26.4	29.7	31.9
Total Liabilities	10.6	10.7	29.8	31.3	40.4	42.0
Net Position						
Net Investment in Capital Assets	90.7	86.5	11.9	11.5	102.6	98.0
Restricted	21.0	18.9	-	-	21.0	18.9
Unrestricted	9.3	9.3	0.3	0.7	9.6	10.0
Total Net Position	121.0	114.6	12.2	12.2	133.2	126.8

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 6.2 to 1.

The County reported positive balances in net position for both governmental and business-type activities. Net position increased by $6,422,431 for governmental activities and decreased by $36,499 for business-type activities. Note that approximately 75.0% 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 333 thousand of unrestricted, undesignated and 11.9 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

	2019				2018			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	$ 11,543,919	$ 6,509,823	$ 18,053,742	28%	$ 10,362,814	$ 7,373,126	$ 17,735,940	28%
Operating grants	1,083,570	-	1,083,570	2%	1,097,811	73,348	1,171,159	2%
Capital grants	1,488,243	1,312,965	2,801,208	4%	2,966,523	-	2,966,523	5%
General:								
Taxes	41,939,662		41,939,662	65%	41,124,821		41,124,821	65%
Other	512,106	89,743	601,849	1%	351,366	2,746	354,112	1%
Total revenues	56,567,500	7,912,531	64,480,031	100%	55,903,335	7,449,220	63,352,555	100%
Program Expenses:								
General government	6,537,501		6,537,501	11%	5,774,917	-	5,774,917	11%
Judicial	2,942,240		2,942,240	5%	3,016,240	-	3,016,240	5%
Public safety	25,402,245		25,402,245	42%	23,135,922	-	23,135,922	42%
Public works	6,886,633		6,886,633	12%	6,489,215	-	6,489,215	12%
Health and welfare	4,397,173		4,397,173	8%	4,373,597	-	4,373,597	8%
Culture and recreation	2,546,447		2,546,447	4%	2,105,643	-	2,105,643	4%
Housing and development	1,016,118		1,016,118	2%	841,744	-	841,744	2%
Interest	120,394		120,394	1%	112,327	-	112,327	0%
Water & Sewer		3,263,896	3,263,896	6%	-	3,646,134	3,646,134	7%
Wastewater Treatment Plant		1,489,389	1,489,389	3%	-	1,399,621	1,399,621	3%
Sanitation		3,433,762	3,433,762	6%	-	3,497,258	3,497,258	6%
Other		58,301	58,301	0%	-	71,775	71,775	0%
Total expenses	49,848,751	8,245,348	58,094,099	100%	45,849,605	8,614,788	54,464,393	100%
Excess	6,718,749	(332,817)	6,385,932		10,053,730	(1,165,568)	8,888,162	
Transfers	(296,318)	296,318	-		(1,242,602)	1,242,602	-	
Special Items	-	-	-		138,552	19,450	158,002	
Change in net position	6,422,431	(36,499)	6,385,932		8,949,680	96,484	9,046,164	
Beginning net position	114,601,937	12,245,878	126,847,815		105,652,257	12,149,394	117,801,651	
Ending net position	$ 121,024,368	$ 12,209,379	$ 133,233,747		$ 114,601,937	$ 12,245,878	$ 126,847,815	

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2019, excluding property taxes for the hospital authority, property taxes provided 32.67% of the County's governmental revenues. Inclusive of hospital property taxes, total property taxes provided 40.44% of governmental revenues and sales taxes provided 27.73% of the County's governmental revenues. Charges for services and other program revenues cover only 28.32% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 71.68% 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 50.96% (50.46% in 2018) of the County's total governmental expenses. The public works function makes up 13.82% (14.15% in 2018) of the total governmental expenses.

This table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Total Cost of Services	Net Cost of Services
General government	$ 6,537,501	$ 5,176,400
Judicial	2,942,240	2,803,428
Public safety	25,402,245	15,946,288
Public works	6,886,633	5,764,522
Health and welfare	4,397,173	3,950,561
Culture and recreation	2,546,447	1,748,285
Housing and development	1,016,118	223,141
Interest on long-term debt	120,394	120,394
Total	$ 49,848,751	$ 35,733,019

Business-Type Activities

The County is in its sixteenth year of the development of its water and sewer operations. The operating revenues for water, sewer, and wastewater in 2019 were $2,940,054 and $3,924,220 for 2018. Note that as of 2019 cost recovery fees are no longer classified as operating revenues. Operating expenses for 2019 were $3,984,602 and $3,848,611 for 2018. An operating loss of $1,044,548 was earned for 2019 and for 2018 the operating income was $75,609.

The operating revenues for the sanitation fund were $3,568,750 for 2019 and $3,446,629 for 2018. This activity resulted in operating income of $134,988.

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 $32,443,488. Of this year-end total, $5,917,771 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: $9,130,673 committed to approved SPLOST projects from sales tax, $5,695,155 restricted to provide services for the Unincorporated Service Area, and $2,173,657 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 $2,359,648 or 7.84% 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 $1,745,866 from the prior year. This was due to revenues exceeding expenditures for 2019.

Property tax revenues have increased from the prior year collections. Note that with the creation of the roads and recreation millage, those taxes are recorded in the Special Tax District fund. The digest increased from $1,663,876,132 for tax year 2017 to $1,760,697,104 for tax year 2018. In tax year 2018 (which funds fiscal year 2019) 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 unassigned fund balance is considered to be in a sound position, representing the equivalent of 22.10% of actual annual expenditures. In addition to this unassigned fund balance, there is $4.2 million which has been committed for stabilization in unforeseen emergencies or for working capital.

The total general fund expenditures were approximately $27.8 million, a decrease from the prior year. Major groupings of expenditures showed:

General fund general government costs increased from $4,667,788 in 2018 to $5,489,764 in 2019.

General fund public safety costs increased from $16,591,405 in 2018 to $17,814,823 in 2019.

General fund public works costs were decreased from $1,915,297 in 2018 to zero in 2019. Public works was relocated to the Special Tax District fund where expenditures were $1,920,692, an increase compared to 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 $75,194 primarily related to intergovernmental revenue. The actual revenue from charges for services was $255,518 below the final budget. Property taxes were $854,577 above the final budgeted revenue, primarily due to vehicle TAVT receipts. For investment earnings, the revenue was above budget by $72,855.

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, 2019, was $94,226,955 and $32,178,733 respectively. The total net increase in this net investment was $3,152,693 for governmental activities, and a $401,152 decrease for business-type activities. The major changes in these amounts relate to additions in governmental activities assets of $8,864,401. Depreciation for governmental activities was $5,711,708. Business-type assets depreciation was $1,047,190.

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	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	$ 13,088,686	$ 13,073,721	$ 1,086,706	$ 1,086,706	$ 14,175,392	$ 14,160,427
Easements	964,330	298,144	152,358	152,358	1,116,688	450,502
Construction in progress	5,483,450	13,901,914	803,443	715,572	6,286,893	14,617,486
Total non-depreciable assets	19,536,466	27,273,779	2,042,507	1,954,636	21,578,973	29,228,415
Depreciable assets:						
Buildings	64,529,456	54,990,465	16,842,312	16,842,312	81,371,768	71,832,777
Other equipment	32,455,189	29,352,838	2,643,032	2,643,032	35,098,221	31,995,870
Infrastructure	123,128,230	119,995,117	24,848,895	24,290,728	147,977,125	144,285,845
Total depreciable assets	220,112,875	204,338,420	44,334,239	43,776,072	264,447,114	248,114,492
Less accumulated depreciation	145,422,386	140,537,937	14,198,013	13,150,823	159,620,399	153,688,760
Book value - depreciable assets	74,690,489	63,800,483	30,136,226	30,625,249	104,826,715	94,425,732
Remaining to depreciate	34%	31%	68%	70%	40%	38%
Book value - all assets	$ 94,226,955	$ 91,074,262	$ 32,178,733	$ 32,579,885	$ 126,405,688	$ 123,654,147

At June 30, 2019, the depreciable capital assets for governmental activities had 34% remaining to depreciate.

(This page continued on next page)

Long-term Debt

At the end of the fiscal year, the County had total capital leases outstanding of $3,453,935 and bonds payable within the Business-type activities of $26,405,000.

During the year, the County reduced its total capital leases outstanding by $1,161,470, including retiring leases for E-911 equipment, patrol cars, and recreation improvements.

	Governmental Activities		Percentage
	2019	2018	Change
Capital leases	$ 3,453,935	$ 4,615,405	-25%
Landfill closure and postclosure care	1,646,528	1,559,114	6%
Compensated absences	1,060,044	928,898	14%
Total	$ 6,160,507	$ 7,103,417	-14%

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 66% from 2000 to 2018, using the latest estimated population per the U.S. Census Bureau of 62,190 as of July 1, 2018.

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 Manager 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, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Effingham County Hospital Authority	Effingham County Board of Health
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 5,937,772	$ 1,267,737	$ 7,205,509	$ 838,534	$ 1,970,238
Restricted cash	185,623	-	185,623	-	-
Investments	25,148,077	8,073,456	33,221,533	-	-
Receivables:					
Accounts	431,129	445,898	877,027	8,533,521	182,757
Taxes	635,096	-	635,096	8,699	-
Intergovernmental	3,798,126	22,954	3,821,080	-	81,496
Other	-	-	-	2,516,972	-
Internal balances	88	(88)	-	-	-
Inventories	46,943	33,701	80,644	1,632,628	-
Prepaid items	1,176,983	2,212	1,179,195	-	-
Other current assets	-	-	-	690,658	
Total Current Assets	37,359,837	9,845,870	47,205,707	14,221,012	2,234,491
Capital Assets:					
Nondepreciable capital assets	19,536,466	2,042,507	21,578,973	793,236	-
Depreciable capital assets, net	74,690,489	30,136,226	104,826,715	25,210,662	35,013
Total Capital Assets	94,226,955	32,178,733	126,405,688	26,003,898	35,013
Other Noncurrent Assets:					
Noncurrent cash and investments:					
Internally designated for retirement plan	-	-	-	31,188	-
Internally designated for capital improvements	-	-	-	8,353,696	-
Held by trustee under indenture	-	-	-	3,725,701	-
Notes receivable	-	-	-	28,583	-
Other asset	-	-	-	125,880	-
Total Other Noncurrent Assets	-	-	-	12,265,048	-
Total Assets	131,586,792	42,024,603	173,611,395	52,489,958	2,269,504
DEFERRED OUTFLOWS OF RESOURCES					
Resources related to pensions and OPEB	-	-	-	-	651,891
LIABILITIES					
Current Liabilities:					
Accounts payable	2,865,738	750,777	3,616,515	3,669,730	106,044
Accrued interest payable	54,615	58,372	112,987	-	-
Other accrued liabilities	912,567	-	912,567	2,428,357	-
Performance bonds	568,997	-	568,997	-	-
Retainage payable	-	-	-	-	-
Customer deposits	-	205,121	205,121	-	-
Unearned revenue	-	2,395,493	2,395,493	-	-
Compensated absences payable	636,026	277	636,303	-	11,882
Capital leases payable	867,128	-	867,128	295,043	-
Notes payable	-	1,275,000	1,275,000	-	-
Bonds payable	-	-	-	818,728	-
Landfill post-closure care costs	110,000	-	110,000	-	-
Total Current Liabilities	6,015,071	4,685,040	10,700,111	7,211,858	117,926
Long-Term Liabilities:					
Notes payable (net of current portion)	-	25,130,000	25,130,000	-	-
Bones payable (net of current portion)	-	-	-	25,425,336	-
Compensated absences payable (net of current portion)	424,018	184	424,202	-	47,527
Capital leases payable (net of current portion)	2,586,807	-	2,586,807	887,157	-
Landfill post-closure care costs (net of current portion)	1,536,528	-	1,536,528	-	-
Net pension liability	-	-	-	-	664,877
Net OPEB liability	-	-	-	-	353,886
Total Long-Term Liabilities	4,547,353	25,130,184	29,677,537	26,312,493	1,066,290
Total Liabilities	10,562,424	29,815,224	40,377,648	33,524,351	1,184,216
DEFERRED INFLOWS OF RESOURCES					
Resources related to pensions and OPEB	-	-	-	-	207,067
NET POSITION					
Net investment in capital assets	90,773,020	11,875,800	102,648,820	(240,166)	35,013
Restricted for:					
Capital projects	9,155,008	-	9,155,008	-	-
Service delivery to unincorporated areas	5,717,263	-	5,717,263	-	-
Debt service	6	-	6	-	-
Other purposes	6,098,253	-	6,098,253	3,725,701	530,084
Unrestricted	9,280,818	333,579	9,614,397	15,480,072	965,015
Total Net Position	$ 121,024,368	$ 12,209,379	$ 133,233,747	$ 18,965,607	$ 1,530,112

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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 Hospital Authority	Component Unit: Effingham County Board of Health
Primary Government									
Governmental Activities									
General government	$ 6,537,501	$ 1,253,765	$ 107,336	-	$ (5,176,400)	-	$ (5,176,400)	-	-
Judicial	2,942,240	109,980	28,832	-	(2,803,428)	-	(2,803,428)	-	-
Public safety	25,402,245	8,812,697	626,515	$ 16,745	(15,946,288)	-	(15,946,288)	-	-
Public works	6,886,633	-	15,675	1,106,436	(5,764,522)	-	(5,764,522)	-	-
Health and welfare	4,397,173	145,000	301,612	-	(3,950,561)	-	(3,950,561)	-	-
Culture and recreation	2,546,447	429,500	3,600	365,062	(1,748,285)	-	(1,748,285)	-	-
Housing and development	1,016,118	792,977	-	-	(223,141)	-	(223,141)	-	-
Interest and fiscal charges	120,394	-	-	-	(120,394)	-	(120,394)	-	-
Total governmental activities	49,848,751	11,543,919	1,083,570	1,488,243	(35,733,019)	-	(35,733,019)	-	-
Business-type Activities									
Water and Sewer	3,263,896	2,821,055	-	659,241	-	$ 216,400	216,400	-	-
Wastewater Treatment Plant	1,489,389	118,999	-	653,724	-	(716,666)	(716,666)	-	-
Sanitation	3,433,762	3,568,750	-	-	-	134,988	134,988	-	-
Other	58,301	1,019	-	-	-	(57,282)	(57,282)	-	-
Total business-type activities	8,245,348	6,509,823	-	1,312,965	-	(422,560)	(422,560)		
Total - Primary Government	$ 58,094,099	$ 18,053,742	$ 1,083,570	$ 2,801,208	(35,733,019)	(422,560)	(36,155,579)	-	-
Component Units:									
Effingham County Hospital Authority	$ 60,253,219	$ 56,200,095	$ 4,073,970	$ -				$ 20,846	-
Effingham County Board of Health	989,167	540,038	619,644	-				-	$ 170,515
Total Component Units	$ 61,242,386	$ 56,740,133	$ 4,693,614	$ -				20,846	170,515
		General Revenues							
		Property taxes levied for general government purposes			18,482,960	-	18,482,960	-	-
		Property taxes levied for hospital			4,390,400	-	4,390,400	-	-
		Sales taxes			15,688,685	-	15,688,685	-	-
		Insurance premium tax			2,506,189	-	2,506,189	-	-
		Other taxes			871,428	-	871,428	-	-
		Gain on sale of capital assets			14,957	-	14,957	-	-
		Insurance recoveries			78,483	-	78,483	-	-
		Investment earnings			245,183	89,743	334,926	462,562	-
		Other			173,483	-	173,483	610,392	273,516
		Total General Revenues			42,451,768	89,743	42,541,511	1,072,954	273,516
		Transfers			(296,318)	296,318	-	-	-
		Total General Revenues and Transfers			42,155,450	386,061	42,541,511	1,072,954	273,516
		Change in Net Position			6,422,431	(36,499)	6,385,932	1,093,800	444,031
		Net Position Beginning of Year			114,601,937	12,245,878	126,847,815	17,871,807	1,086,081
		Net Position End of Year			$ 121,024,368	$ 12,209,379	$ 133,233,747	$ 18,965,607	$ 1,530,112

See accompanying note to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,615,657	$ 220,623	$ 458,944	$ 2,642,548	$ 5,937,772
Restricted cash	185,623	-	-	-	185,623
Investments	9,564,027	4,645,674	9,282,324	1,656,052	25,148,077
Receivables:					
Accounts	348,333	75,258	-	7,538	431,129
Taxes	574,334	60,762	-	-	635,096
Intergovernmental	1,422,774	-	1,096,832	1,278,520	3,798,126
Interfund	47,350	1,014,298	-	4,490	1,066,138
Inventories	8,893	13,715	24,335	-	46,943
Prepaid items	1,112,930	8,393	-	55,660	1,176,983
TOTAL ASSETS	$ 15,879,921	$ 6,038,723	$ 10,862,435	$ 5,644,808	$ 38,425,887
LIABILITIES					
Accounts payable	$ 708,679	$ 200,248	$ 1,700,743	$ 256,068	$ 2,865,738
Accrued liabilities	727,790	34,371	-	150,406	912,567
Performance bonds	555,812	-	-	13,185	568,997
Interfund payable	14,402	34,912	6,684	1,010,052	1,066,050
TOTAL LIABILITIES	2,006,683	269,531	1,707,427	1,429,711	5,413,352
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	517,118	51,929	-	-	569,047
FUND BALANCES					
Nonspendable					
Inventories	8,893	13,715	24,335	-	46,943
Prepaid items	1,112,930	8,393	-	55,660	1,176,983
Restricted					
Landfill post-closure costs	1,646,528	-	-	-	1,646,528
Special service district - unincorporated area	-	5,695,155	-	-	5,695,155
Public safety	-	-	-	2,173,657	2,173,657
Public works, public safety, and recreation	-	-	-	1,110,561	1,110,561
Housing and development	-	-	-	16,240	16,240
Health and welfare	-	-	-	1,050,903	1,050,903
Judicial	-	-	-	44,704	44,704
Capital projects - SPLOST	-	-	9,130,673	-	9,130,673
Debt service	-	-	-	6	6
Committed					
Economic stabilization	4,200,000	-	-	-	4,200,000
Assigned					
Subsequent year expenditures	233,364	-	-	-	233,364
Unassigned	6,154,405	-	-	(236,634)	5,917,771
TOTAL FUND BALANCES	13,356,120	5,717,263	9,155,008	4,215,097	32,443,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 15,879,921	$ 6,038,723	$ 10,862,435	$ 5,644,808	$ 38,425,887

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, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Total Governmental Fund Balances		$ 32,443,488
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	$ 239,649,341	
Less accumulated depreciation	(145,422,386)	94,226,955
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		569,047
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	$ (54,615)	
Capital leases payable	(3,453,935)	
Landfill post-closure care costs	(1,646,528)	
Compensated absences payable	(1,060,044)	(6,215,122)
Net Position Of Governmental Activities		$ 121,024,368

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, 2019

	General	Special Tax District	SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 22,130,670	$ 6,298,229	$ 9,057,174	$ 4,500,977	$ 41,987,050
Licenses and permits	35,000	-	-	773,755	808,755
Intergovernmental	885,755	-	1,247,142	15,675	2,148,572
Charges for services	4,757,232	419,188	-	4,077,737	9,254,157
Fines and forfeitures	1,382,253	-	-	98,754	1,481,007
Contributions and donations	1,700	3,600	-	2,000	7,300
Investment earnings	147,855	70,474	184,400	26,854	429,583
Other	153,880	5,654	-	13,949	173,483
Total revenues	29,494,345	6,797,145	10,488,716	9,509,701	56,289,907
EXPENDITURES					
Current:					
General government	5,489,764	-	-	-	5,489,764
Judicial	2,912,478	-	-	-	2,912,478
Public safety	17,814,823	-	-	6,790,850	24,605,673
Public works	100,331	1,920,692	-	299,113	2,320,136
Health and welfare	737,313	-	-	3,659,860	4,397,173
Culture and recreation	609,308	1,751,646	-	32,150	2,393,104
Housing and development	177,902	-	-	798,353	976,255
Capital outlay					
General government	-	-	92,697	-	92,697
Judicial			9,380		9,380
Public safety	-	-	2,208,662	-	2,208,662
Public works	-	-	4,538,818	-	4,538,818
Culture and recreation	-	9,000	162,375	35,028	206,403
Intergovernmental	-	-	2,280,406	-	2,280,406
Debt service:					
Principal	-	-	969,012	192,458	1,161,470
Interest	-	-	126,701	8,261	134,962
Total expenditures	27,841,919	3,681,338	10,388,051	11,816,073	53,727,381
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,652,426	3,115,807	100,665	(2,306,372)	2,562,526
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	14,957	-	-	-	14,957
Insurance recoveries	78,483	-	-	-	78,483
Transfers in	-	-	84,756	3,153,858	3,238,614
Transfers out	-	(3,380,345)	(62,171)	(92,416)	(3,534,932)
Total other financing sources (uses)	93,440	(3,380,345)	22,585	3,061,442	(202,878)
NET CHANGE IN FUND BALANCES	1,745,866	(264,538)	123,250	755,070	2,359,648
FUND BALANCES, JULY 1, 2018	11,610,254	5,981,801	9,031,758	3,460,027	30,083,840
FUND BALANCES, JUNE 30, 2019	$ 13,356,120	$ 5,717,263	$ 9,155,008	$ 4,215,097	$ 32,443,488

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ 2,359,648
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	$ (5,711,708)	
	Capital outlay	8,864,401	3,152,693
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 @ 6/30/19	569,047	
	Unavailable @ 6/30/18	(616,435)	(47,388)
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.			1,161,470
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	14,568	
	Change in compensated absences payable	(131,146)	
	Change in landfill closure and postclosure care costs	(87,414)	(203,992)
Change In Net Position of Governmental Activities			$ 6,422,431

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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes				
Property	$ 13,883,728	$ 13,883,728	$ 14,738,305	$ 854,577
Sales	7,032,854	7,032,854	6,631,511	(401,343)
Other	683,000	683,000	760,854	77,854
Licenses and permits	40,000	40,000	35,000	(5,000)
Intergovernmental	682,518	757,712	885,755	128,043
Charges for services	5,012,750	5,012,750	4,757,232	(255,518)
Fines and forfeitures	1,184,578	1,184,578	1,382,253	197,675
Contributions and donations	500	500	1,700	1,200
Investment earnings	75,000	75,000	147,855	72,855
Other	78,977	78,977	153,880	74,903
Total revenues	28,673,905	28,749,099	29,494,345	745,246
EXPENDITURES				
Current:				
General government:				
Commissioners' office	896,191	904,191	726,753	177,438
Elections	313,762	296,762	276,628	20,134
Vehicle maintenance	360,900	422,900	422,391	509
Financial administration	2,236,826	1,440,826	812,619	628,207
Information technology	532,571	458,571	449,245	9,326
Tax commissioner	825,609	777,609	750,082	27,527
Tax assessor	851,240	828,240	807,188	21,052
Facilities maintenance	923,694	971,694	935,528	36,166
Human resources	276,468	326,468	309,330	17,138
Total general government	7,217,261	6,427,261	5,489,764	937,497
Judicial:				
Superior court clerk's office	650,578	623,078	611,538	11,540
Superior court	522,422	530,422	528,455	1,967
District attorney's office	389,361	389,361	389,361	-
State Court	415,545	346,045	340,790	5,255
Solicitor	267,251	281,751	278,887	2,864
Magistrate Court	422,415	422,415	405,040	17,375
Probate Court	346,652	350,252	343,336	6,916
Board of equalization	15,878	15,878	15,071	807
Total judicial	3,030,102	2,959,202	2,912,478	46,724
Public safety:				
Emergency management	41,550	65,150	55,482	9,668
Sheriff	6,523,253	7,101,253	7,100,851	402
School resource officers	477,897	502,897	500,003	2,894
Jail	3,254,931	3,490,931	3,483,541	7,390
Correctional institute	2,631,611	2,798,611	2,758,545	40,066
Inmate medical	410,000	417,000	416,874	126
Probation	250,722	255,722	251,196	4,526
Emergency medical services	2,962,334	2,978,834	2,975,721	3,113
Coroner	68,271	61,271	52,480	8,791
Animal control	203,626	221,726	220,130	1,596
Total public safety	16,824,195	17,893,395	17,814,823	78,572

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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public works:				
Roads - Cities	$ 119,076	$ 109,076	$ 100,331	$ 8,745
Health and welfare:				
Health Department	265,000	265,000	264,267	733
Department of Family and Children Services	66,000	69,000	67,146	1,854
Family connections	50,500	50,700	49,994	706
Senior citizens	256,565	282,759	270,794	11,965
Other community services	77,244	77,244	85,112	(7,868)
Total health and welfare	715,309	744,703	737,313	7,390
Culture and recreation:				
Library	609,308	609,308	609,308	-
Housing and development:				
Extension service	177,527	181,027	177,402	3,625
Economic development	4,500	4,500	500	4,000
Total housing and development	182,027	185,527	177,902	7,625
Total expenditures	28,697,278	28,928,472	27,841,919	1,086,553
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,373)	(179,373)	1,652,426	1,831,799
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	50,000	50,000	14,957	(35,043)
Insurance recoveries	130,000	130,000	78,483	(51,517)
Transfers out	(156,627)	(627)	-	627
Total other financing sources (uses)	23,373	179,373	93,440	(85,933)
NET CHANGE IN FUND BALANCE	-	-	1,745,866	$ 1,745,866
FUND BALANCE, BEGINNING OF YEAR			11,610,254	
FUND BALANCE, END OF YEAR			$ 13,356,120	

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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	$ 5,979,764	$ 5,979,764	$ 6,298,229	$ 318,465
Charges for services	372,100	372,100	419,188	47,088
Contributions	-	-	3,600	3,600
Investment earnings	-	-	70,474	70,474
Other	-	-	5,654	5,654
Total revenues	6,351,864	6,351,864	6,797,145	445,281
EXPENDITURES				
Current:				
Roads	1,708,100	1,939,100	1,920,692	18,408
Culture and recreation	1,792,775	1,783,775	1,751,646	32,129
Capital outlay:				
Culture and recreation	-	9,000	9,000	-
Total expenditures	3,500,875	3,731,875	3,681,338	50,537
EXCESS OF REVENUES OVER EXPENDITURES	2,850,989	2,619,989	3,115,807	495,818
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,701,999)	(6,470,999)	(3,380,345)	3,090,654
NET CHANGE IN FUND BALANCE	$ (3,851,010)	$ (3,851,010)	(264,538)	$ 3,586,472
FUND BALANCE, BEGINNING OF YEAR			5,981,801	
FUND BALANCE, END OF YEAR			$ 5,717,263	

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 727,147	$ 386,934	$ 131,506	$ 22,150	$ 1,267,737
Investments	6,013,542	-	2,059,914	-	8,073,456
Receivables:					
Accounts	425,606	17,192	3,100	-	445,898
Intergovernmental	22,954	-	-	-	22,954
Interfund	2,723,371	-	703	-	2,724,074
Inventory	33,701	-	-	-	33,701
Prepaid items	2,212	-	-	-	2,212
Total Current Assets	9,948,533	404,126	2,195,223	22,150	12,570,032
Capital Assets					
Land	-	1,086,706	-	-	1,086,706
Easements	152,358	-	-	-	152,358
Construction in progress	749,645	-	53,798	-	803,443
Systems and equipment (net of depreciation)	18,289,497	11,523,838	208,471	114,420	30,136,226
Total Capital Assets	19,191,500	12,610,544	262,269	114,420	32,178,733
Total Assets	29,140,033	13,014,670	2,457,492	136,570	44,748,765
LIABILITIES					
Current Liabilities					
Accounts payable	417,470	29,200	303,689	418	750,777
Compensated absences payable	-	-	277	-	277
Accrued interest payable	35,379	22,993	-	-	58,372
Customer deposits	203,496	1,625	-	-	205,121
Unearned revenue	2,300,993	-	-	94,500	2,395,493
Interfund payable	791	2,723,371	-	-	2,724,162
Bonds payable	772,772	502,228	-	-	1,275,000
Total Current Liabilities	3,730,901	3,279,417	303,966	94,918	7,409,202
Long-Term Liabilities					
Compensated absences payable (net of current portion)	-	-	184	-	184
Bonds payable (net of current portion)	15,231,193	9,898,807	-	-	25,130,000
Total Long-Term Liabilities	15,231,193	9,898,807	184	-	25,130,184
Total Liabilities	18,962,094	13,178,224	304,150	94,918	32,539,386
NET POSITION					
Net investment in capital assets	9,289,602	2,209,509	262,269	114,420	11,875,800
Unrestricted	888,337	(2,373,063)	1,891,073	(72,768)	333,579
Total Net Position	$ 10,177,939	$ (163,554)	$ 2,153,342	$ 41,652	$ 12,209,379

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, 2019

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 2,821,055	$ 118,999	$ 3,568,750	$ 1,019	$ 6,509,823
OPERATING EXPENSES					
Salaries and employee benefits	-	-	32,475	-	32,475
Purchased services	2,002,406	486,977	3,394,882	41,365	5,925,630
Materials and supplies	209,772	254,038	226	7,334	471,370
Depreciation	585,822	445,587	6,179	9,602	1,047,190
Total operating expenses	2,798,000	1,186,602	3,433,762	58,301	7,476,665
OPERATING INCOME (LOSS)	23,055	(1,067,603)	134,988	(57,282)	(966,842)
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	63,378	90	26,272	3	89,743
Interest expense	(465,896)	(302,787)	-	-	(768,683)
Total non-operating revenues (expenses)	(402,518)	(302,697)	26,272	3	(678,940)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(379,463)	(1,370,300)	161,260	(57,279)	(1,645,782)
Capital contributions and cost recovery fees	659,241	653,724	-	-	1,312,965
Transfers in	296,318	-	-	-	296,318
CHANGE IN NET POSITION	576,096	(716,576)	161,260	(57,279)	(36,499)
NET POSITION, BEGINNING OF YEAR	9,601,843	553,022	1,992,082	98,931	12,245,878
NET POSITION, END OF YEAR	$ 10,177,939	$ (163,554)	$ 2,153,342	$ 41,652	$ 12,209,379

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water & Sewer Operating	Wastewater Treatment Plant	Sanitation	Total Nonmajor Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 2,868,525	$ 109,594	$ 3,565,811	$ 1,019	$ 6,544,949
Cash payments to employees for services	-	-	(40,078)	-	(40,078)
Cash received from dissolution of defined benefit plan	-	-	-	-	-
Cash payments for goods and services	(2,758,672)	(751,023)	(3,093,627)	(49,297)	(6,652,619)
Net cash provided (used) by operating activities	109,853	(641,429)	432,106	(48,278)	(147,748)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) other funds	420,927	(393,740)	4,160	21,219	52,566
Interfund transfers	296,318	-	-	-	296,318
Operating grants received	3,763	-	68,080	-	71,843
Net cash provided (used) by noncapital financing activities	721,008	(393,740)	72,240	21,219	420,727
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds payable	(754,590)	(490,410)	-	-	(1,245,000)
Interest paid on bonds payable	(467,563)	(303,871)	-	-	(771,434)
Capital contributions/Cost recovery fees	659,241	653,724	-	-	1,312,965
Purchase of capital assets	(646,038)	-	-	-	(646,038)
Net cash provided (used) by capital and related financing activities	(1,208,950)	(140,557)	-	-	(1,349,507)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(6,013,542)	-	(1,858,372)	-	(7,871,914)
Investment earnings	63,378	90	26,272	3	89,743
Net cash provided (used) by investing activities	(5,950,164)	90	(1,832,100)	3	(7,782,171)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,328,253)	(1,175,636)	(1,327,754)	(27,056)	(8,858,699)
CASH AND CASH EQUIVALENTS, JULY 1, 2018	7,055,400	1,562,570	1,459,260	49,206	10,126,436
CASH AND CASH EQUIVALENTS, JUNE 30, 2019	$ 727,147	$ 386,934	$ 131,506	$ 22,150	$ 1,267,737
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 23,055	$ (1,067,603)	$ 134,988	$ (57,282)	$ (966,842)
Adjustments:					
Depreciation	585,822	445,587	6,179	9,602	1,047,190
(Increase) decrease in operating assets:					
Accounts receivable	29,961	(9,405)	(2,939)	-	17,617
Inventory	(27,702)	-	-		(27,702)
Prepaid items	245	-	-	-	245
Increase (decrease) in operating liabilities:					
Accounts payable	(519,037)	(10,008)	301,481	(598)	(228,162)
Customer deposits	17,509	-	-	-	17,509
Accrued payroll	-	-	(3,382)	-	(3,382)
Compensated absences payable	-	-	(4,221)	-	(4,221)
Net cash provided (used) by operating activities	$ 109,853	$ (641,429)	$ 432,106	$ (48,278)	$ (147,748)

See accompanying notes to the basic financial statements.

EFFINGHAM COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

Assets		
Cash and cash equivalents	$	2,357,587
Liabilities		
Due to other entities and individuals	$	2,357,587

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)

Effingham County Hospital Authority – The Effingham County Hospital Authority 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 Hospital
459 Highway 119 South
Springfield, Georgia 31329

The 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.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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

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, 2019.

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, 2019, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 resources (expense/expenditure) until then. The County does not have any deferred outflows of resources at June 30, 2019. It does have a component unit that has deferred outflows of resources related to pensions and other post-employment benefits on the statement of net position.

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 has a component unit that has deferred inflows of resources related to pensions and other post-employment benefits on the statement of net position.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 category within each department of each individual fund. The County Administrator may approve budget transfers within department categories. Any change in total to a fund or department category 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, 2019 in the following departments for the general fund:

	General Fund
Other community services	$ 7,868

The overexpenditures in this area were funded by underexpenditures in other areas.

Expenditures exceeded appropriations in the following funds and these overexpenditures were funded by additional revenues over amounts budgeted.

	Overexpenditures
Sheriff	$ 166,826

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Deficit Fund Balance / Net Position

The wastewater treatment plant enterprise fund had a deficit net position of $163,554 at June 30, 2019 which the County plans to eliminate with transfers from other funds. The water impact fees enterprise fund had a deficit net position of $42,000 at June 30, 2019 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, 2019 which the County plans to eliminate with future revenues or transfers from other funds. The inspection and zoning special revenue fund had a deficit fund balance of $236,634 at June 30, 2019 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, 2019, the County has the following investments:

Investments	Maturities	Fair Value	Credit Rating
Primary Government:			
Georgia Fund 1	Average of 39 days WAM	$ 33,221,533	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, 2019, the carrying amount of the County's deposits was $9,748,719 and the bank balance was $10,615,078. 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.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Discretely Presented Component Units

The carrying amount of deposits for the Effingham County Board of Health was $1,969,988 and the bank balance was $1,970,123. As of June 30, 2019, the Board of Health did not have any balances exposed to custodial credit risk.

As of June 30, 2019, the Hospital Authority owned $7,444,000 in securities that were uninsured, unregistered, and held by the Authority's brokerage firm in the brokerage firm's name. Securities held in the Authority's brokerage account are protected by insurance coverage in the amount of $500,000 through the Securities Investor Protection Corporation (SIPC). In addition, the Authority's brokerage firms provide additional insurance protection for amounts in excess of the SIPC limit. The Authority's bank deposits are entirely insured and collateralized with securities held by the pledging financial institution's designated trustee in the Authority's name.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2019, 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, 2019, property taxes were levied on August 7, 2018, and were due November 15, 2018.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Drug Abuse & Treatment Education	$ 1,500
	Fire Taxing District	3,017
	Inspections & Zoning	1,149
	Special Tax District	34,912
	SPLOST	6,684
	Water and Sewer Operating	88
Prison Commissary	General Fund	104
Wireless E-911	E-911	4,219
Special Tax District	General Fund	14,298
	Inspections & Zoning	400,000
	Hospital Indigent	600,000
Fire Taxing District	Inspections & Zoning	167
Water and Sewer Operating	Wastewater Treatment Plant	2,723,371
Sanitation	Water and Sewer Operating	703
Total		$ 3,790,212

Interfund balances at June 30, 2019 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfers From:				
Transfers To:	SPLOST	Special Tax District	State Condemnation	Impact Fees	Total
Fire Taxing District	-	$ 2,900,000	-	-	$ 2,900,000
Inspection and Zoning	-	142,440	-	-	142,440
Senior Citizens Activity	-	103,758	-	-	103,758
Sheriff Special Funds	-	-	$ 7,660	-	7,660
SPLOST	-	-	-	$ 84,756	84,756
Water and Sewer Operating	$ 62,171	234,147	-	-	296,318
Total	$ 62,171	$ 3,380,345	$ 7,660	$ 84,756	$ 3,534,932

Transfers to various funds from the Special Tax District Fund were to fund operations. Transfers from the SPLOST fund to the Water and Sewer Operating enterprise fund were for construction costs. Transfers from the State Condemnation to the Sheriff Special Funds were to fund various items needed by the Sheriff's department. Transfers from the Impact Fees fund to the SPLOST fund were to reimburse the SPLOST fund for jail improvement costs.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 13,073,721	$ 14,965	-	$ 13,088,686
Easements	298,144	666,186	-	964,330
Construction in progress	13,901,914	631,438	$ 9,049,902	5,483,450
Total capital assets not being depreciated	27,273,779	1,312,589	9,049,902	19,536,466
Capital assets being depreciated:				
Buildings and improvements	54,990,465	9,538,991	-	64,529,456
Machinery and equipment	29,352,838	3,929,610	827,259	32,455,189
Infrastructure	119,995,117	3,133,113	-	123,128,230
Total capital assets being depreciated	204,338,420	16,601,714	827,259	220,112,875
Total capital assets	231,612,199	17,914,303	9,877,161	239,649,341
Accumulated depreciation:				
Buildings and improvements	24,684,241	1,974,262	-	26,658,503
Machinery and equipment	22,454,883	1,491,064	827,259	23,118,688
Infrastructure	93,398,813	2,246,382	-	95,645,195
Total accumulated depreciation	140,537,937	5,711,708	827,259	145,422,386
Governmental activities capital assets, net	$ 91,074,262	$ 12,202,595	$ 9,049,902	$ 94,226,955

Governmental activities depreciation expense:

General government	$ 881,498
Judicial	3,699
Public safety	2,145,847
Public works	2,434,454
Culture and Recreation	206,347
Housing and development	39,863
Total governmental activities depreciation expense	$ 5,711,708

NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2019 for the County's enterprise funds was as follows:

	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 1,086,706	-	$ -	$ 1,086,706
Easements	152,358	-	-	152,358
Construction in progress	715,572	$ 87,871	-	803,443
Total capital assets not being depreciated	1,954,636	87,871	-	2,042,507
Capital assets being depreciated:				
Buildings and improvements	16,842,312	-	-	16,842,312
Machinery and equipment	2,643,032	-	-	2,643,032
Infrastructure	24,290,728	558,167	-	24,848,895
Total capital assets being depreciated	43,776,072	558,167	-	44,334,239
Total capital assets	45,730,708	646,038	-	46,376,746
Accumulated depreciation:				
Buildings and improvements	5,042,933	419,454	-	5,462,387
Equipment	2,181,645	43,988	-	2,225,633
Infrastructure	5,926,245	583,748	-	6,509,993
Total accumulated depreciation	13,150,823	1,047,190	-	14,198,013
Business-type activities capital assets, net	$ 32,579,885	$ (401,152)	$ -	$ 32,178,733

Capital asset activity for the year ended June 30, 2019 for the Effingham County Board of Health was as follows:

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019
Component Unit:				
Machinery and equipment	$ 95,734	$ 21,939	$ -	$ 117,673
Less accumulated depreciation	(69,639)	(13,021)	-	(82,660)
Component unit capital assets, net	$ 26,095	$ 8,918	$ -	$ 35,013

NOTE 7 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2019 for the Effingham County Hospital Authority was as follows:

	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 619,242	-	-	$ 619,242
Construction in progress	682,696	$ 275,383	$ 784,085	173,994
Total capital assets not being depreciated	1,301,938	275,383	784,085	793,236
Capital assets being depreciated:				
Buildings and improvements	30,400,120	608,750	-	31,008,870
Machinery and equipment	25,005,363	1,220,493	39,795	26,186,061
Total capital assets being depreciated	55,405,483	1,829,243	39,795	57,194,931
Total capital assets	56,707,421	2,104,626	823,880	57,988,167
Accumulated depreciation:				
Buildings and improvements	11,596,527	1,216,734	-	12,813,261
Machinery and equipment	17,553,501	1,625,646	8,139	19,171,008
Total accumulated depreciation	29,150,028	2,842,380	8,139	31,984,269
Governmental activities capital assets, net	$27,557,393	$(737,754)	$ 815,741	$26,003,898

NOTE 8 – CAPITAL LEASES

Governmental Activities

The County has entered into lease agreements as lessee for financing various equipment costing $8,314,453. 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 $3,972,067 at June 30, 2019.

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, 2019:

Year ending June 30	
2020	$ 960,963
2021	802,503
2022	770,811
2023	457,085
2024	410,383
Thereafter	354,470
Total minimum lease payments	3,756,215
Less amount representing interest	302,280
Present value of future minimum lease payments	$ 3,453,935

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, 2019, annual debt service requirements to maturity are as follows:

Year ending	Business-type Activities		
June 30	Principal	Interest	Total
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	1,425,000	588,132	2,013,132
2025-2029	7,745,000	2,321,561	10,066,561
2030-2034	8,885,000	1,179,194	10,064,194
2035-2036	3,025,000	114,949	3,139,949
	$ 26,405,000	$ 6,932,876	$ 33,337,876

NOTE 10 – CHANGES IN LONG-TERM DEBT

Governmental Activities	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due In One Year
Capital lease payable - E-911	$ 137,842	-	$ 137,842	-	-
Capital lease payable - Patrol Cars	64,887	-	64,887	-	-
Capital lease payable - Patrol Cars	268,040	-	122,140	$ 145,900	$ 124,829
Capital lease payable - Admin. Vehicles	134,020	-	61,070	72,950	62,414
Capital lease payable - Comm. equipment	1,884,032	-	286,121	1,597,911	296,733
Capital lease payable - Heart monitors	29,379	-	29,379	-	-
Capital lease payable - Public works equipment	595,146	-	37,664	557,482	37,664
Capital lease payable - Patrol Cars	694,786	-	160,371	534,415	160,371
Capital lease payable - EMS equipment	137,075	-	29,907	107,168	29,907
Capital lease payable - Recreation lighting	496,258	-	117,729	378,529	117,729
Capital lease payable - Sheriff equipment	79,440	-	19,860	59,580	19,860
Capital lease payable - Recreation lighting	94,500	-	94,500	-	17,621
Total Capital Leases	4,615,405	-	1,161,470	3,453,935	867,128
Compensated absences payable	928,898	$ 131,146	-	1,060,044	636,026
Landfill post-closure care costs	1,559,114	87,414	-	1,646,528	110,000
Total Governmental Activities	$ 7,103,417	$ 218,560	$ 1,161,470	$ 6,160,507	$ 1,613,154
Business-Type Activities					
Compensated absences payable	$ 4,682	$ -	$ 4,221	$ 461	$ 277
Bonds payable	27,650,000	-	1,245,000	26,405,000	1,275,000
Total Business-Type Activities	$ 27,654,682	$ -	$ 1,249,221	$ 26,405,461	$ 1,275,277
Component Unit - Board of Health					
Compensated absences payable	$ 61,429	$ -	$ 2,020	$ 59,409	$ 11,882
Component Unit - Hospital Authority					
Bond payable - mortgage	$ 27,025,220	$ -	$ 781,156	$ 26,244,064	$ 818,728
Capital lease payable	1,192,200	-	10,000	1,182,200	295,043
Total Hospital Authority	$ 28,217,420	$ -	$ 791,156	$ 27,426,264	$ 1,113,771

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 and SPLOST 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 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 $1,646,528 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, 2019. However, the actual cost may be higher due to inflation, unexpected mitigation requirements, changes in technology, or changes in laws and regulations.

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 contributes 3% of employee's compensation and additionally matches up to 3% of employee's contributions. The total cost for the 401(a) Plan and the 457 Plan for the year ended June 30, 2019 was $885,781. Total employee contributions to the plans for the year ended June 30, 2019 was $747,159.

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.

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Magistrates Retirement Fund of Georgia

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

Georgia Firefighters' Pension Fund

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

Georgia Judicial Retirement System

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

Employee's Retirement System of Georgia

Effingham County tax officials are covered under this retirement plan.

In the government-wide statement of activities, the County recognized $231,541 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, 2019 were $103,433. Contributions are fully vested to employees after 10 years of continuous service.

At June 30, 2019, the Board of Health reported $664,877 as a liability for its proportionate share of the net pension liabilities. For the year ended June 30, 2019, the Board of Health recognized pension benefit of $307,546.

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.

NOTE 13 – RISK MANAGEMENT (Continued)

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

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

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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 Effingham County Hospital Authority dated October 19, 2010 whereby the Hospital Authority will provide indigent care to Effingham County citizens. In return, the County will provide the Hospital Authority $3,600,000 per year or approximately $300,000 per month. This payment will be financed by the County by a levy of annual tax on all taxable property located within the boundaries of the County at such rates to provide the funding, not to exceed two mills (but not less than the millage necessary, up to the applicable maximum mil limit prescribed by the Georgia Hospital Authorities law). In the event this rate does not generate adequate funding, the County must fund the deficit from other sources. The agreement prescribes the Hospital to have a first priority lien on any and all revenues realized by the County under and pursuant to the annual tax levied.

NOTE 15 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (RC) and is required to pay annual dues thereto. During its year ended June 30, 2019, 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 16 – HOTEL/MOTEL LODGING TAX

The county has levied a five percent lodging tax. A summary of the transactions for the year ended June 30, 2019 follows:

		Percentage of tax receipts
Lodging tax receipts	$ 18,710	
Disbursements to the:		
Effingham County Chamber of Commerce	(14,967)	80%
County for future projects	(3,743)	20%
Total	$ -	

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

NOTE 17 – TAX ABATEMENTS

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

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

The Authority monitors compliance with performance and accountability agreements to ensure the companies meet their commitments.

For Effingham County's fiscal year ending June 30, 2019, the cumulative property tax not collected by Effingham County due to incentive agreements was $2,077,217. Payments in lieu of taxes in the amount of $759,662 were received in the Special Tax District Fund related to these agreements.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2019, the date that the financial statements were available to issue.

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	SPLOST Debt Service Fund	Reddick Field Capital Projects Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 6	$ -	$ 2,642,542	$ 2,642,548
Investments	-	-	1,656,052	1,656,052
Receivables:				
Accounts	-	-	7,538	7,538
Intergovernmental	-	-	1,278,520	1,278,520
Interfund	-	-	4,490	4,490
Prepaid items	-	-	55,660	55,660
TOTAL ASSETS	$ 6	$ -	$ 5,644,802	$ 5,644,808
LIABILITIES				
Accounts payable	$ -	$ -	$ 256,068	$ 256,068
Accrued liabilities	-	-	150,406	150,406
Interfund payable	-	-	1,010,052	1,010,052
Performance bonds	-	-	13,185	13,185
TOTAL LIABILITIES	-	-	1,429,711	1,429,711
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	55,660	55,660
Restricted				
Public safety	-	-	2,173,657	2,173,657
Public works, public safety, and recreation	-	-	1,110,561	1,110,561
Housing and development	-	-	16,240	16,240
Health and welfare	-	-	1,050,903	1,050,903
Judicial	-	-	44,704	44,704
Debt service	6	-	-	6
Unassigned	-	-	(236,634)	(236,634)
TOTAL FUND BALANCES	6	-	4,215,091	4,215,097
TOTAL LIABILITIES AND FUND BALANCES	$ 6	$ -	$ 5,644,802	$ 5,644,808

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	SPLOST Debt Service Fund	Reddick Field Capital Projects Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ -	-	$ 4,500,977	$ 4,500,977
Licenses and permits	-	-	773,755	773,755
Intergovernmental	-	-	15,675	15,675
Charges for services	-	-	4,077,737	4,077,737
Fines and forfeitures	-	-	98,754	98,754
Investment earnings	-	-	26,854	26,854
Contributions	-	-	2,000	2,000
Other	-	-	13,949	13,949
Total revenues	-	-	9,509,701	9,509,701
EXPENDITURES				
Current:				
Public safety	-	-	6,790,850	6,790,850
Public works	-	-	299,113	299,113
Health and welfare	-	-	3,659,860	3,659,860
Culture and recreation	-	-	32,150	32,150
Housing and development	-	-	798,353	798,353
Capital outlay				
Culture and recreation	-	$ 35,028	-	35,028
Debt service:				
Principal	-	54,615	137,843	192,458
Interest	-	3,312	4,949	8,261
Total expenditures	-	92,955	11,723,118	11,816,073
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(92,955)	(2,213,417)	(2,306,372)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,153,858	3,153,858
Transfers out	-	-	(92,416)	(92,416)
Total other financing sources (uses)	-	-	3,061,442	3,061,442
NET CHANGE IN FUND BALANCES	-	(92,955)	848,025	755,070
FUND BALANCES, JULY 1, 2018	6	92,955	3,367,066	3,460,027
FUND BALANCES, JUNE 30, 2019	$ 6	$ -	$ 4,215,091	$ 4,215,097

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Hospital Indigent	Drug Abuse & Treatment Education	Sheriff	Prison Commissary	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
ASSETS								
Cash	$ 434,642	$ 77,601	$ 207,841	$ 30,195	$ 67,225	$ 8,412	$ 4,267	706,539
Investments	1,150,604	-	-	-	-	-	-	-
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	169	-	-	1,043,336	-	-	218,613
Interfund	-	-	-	104	-	-	-	-
Prepaid items	37,221	-	-	-	-	-	-	18,278
TOTAL ASSETS	$1,622,467	$ 77,770	$ 207,841	$ 30,299	$ 1,110,561	$ 8,412	$ 4,267	$ 943,430
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	$ 1,400	$ 54,338	$ 30,299	-	-	-	$ 3,729
Accrued payroll	-	-	-		-	-	-	27,816
Interfund payable	$ 600,000	1,500	-	-	-	-	-	4,219
Performance bonds	-	-	-	-	-	-	-	-
Total liabilities	600,000	2,900	54,338	30,299	-	-	-	35,764
Fund balances:								
Nonspendable:								
Prepaid items	37,221	-	-	-	-	-	-	18,278
Restricted:								
Public safety	-	74,870	153,503	-	-	$ 8,412	$ 4,267	889,388
Public works, public safety, and recreation	-	-	-	-	$ 1,110,561	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Health and welfare	985,246	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	1,022,467	74,870	153,503	-	1,110,561	8,412	4,267	907,666
TOTAL LIABILITIES AND FUND BALANCES	$1,622,467	$ 77,770	$ 207,841	$ 30,299	$ 1,110,561	$ 8,412	$ 4,267	$ 943,430

EFFINGHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
ASSETS								
Cash	-	$ 44,704	$ 122,116	$ 632,323	$ 218,276	$ 70,151	$ 18,250	$ 2,642,542
Investments	-	-	-	505,448	-	-	-	1,656,052
Receivables:								
Accounts	-	-	-	108	6,192	-	1,238	7,538
Intergovernmental	-	-	744	15,658	-	-	-	1,278,520
Interfund	$ 4,219	-	-	167	-	-	-	4,490
Prepaid items	-	-	-	161	-	-	-	55,660
TOTAL ASSETS	$ 4,219	$ 44,704	$ 122,860	$ 1,153,865	$ 224,468	$ 70,151	$ 19,488	$ 5,644,802
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	-	$ 133,775	$ 24,785	$ 4,494	$ 3,248	$ 256,068
Accrued payroll	-	-	-	100,774	21,816	-	-	150,406
Interfund payable	-	-	-	3,017	401,316	-	-	1,010,052
Performance bonds	-	-	-	-	13,185	-	-	13,185
Total liabilities	-	-	-	237,566	461,102	4,494	3,248	1,429,711
Fund balances:								
Nonspendable:								
Prepaid items	-	-	-	161	-	-	-	55,660
Restricted:								
Public safety	$ 4,219	-	$ 122,860	916,138	-	-	-	2,173,657
Public works, public safety, and recreation	-	-	-	-	-	-	-	1,110,561
Housing and development	-	-	-	-	-	-	16,240	16,240
Health and welfare	-	-	-	-	-	65,657	-	1,050,903
Judicial	-	$ 44,704	-	-	-	-	-	44,704
Unassigned	-	-	-	-	(236,634)	-	-	(236,634)
Total fund balances	4,219	44,704	122,860	916,299	(236,634)	65,657	16,240	4,215,091
TOTAL LIABILITIES AND FUND BALANCES	$ 4,219	$ 44,704	$ 122,860	$ 1,153,865	$ 224,468	$ 70,151	$ 19,488	$ 5,644,802

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Hospital Indigent	Drug Abuse & Treatment Education	Sheriff	Prison Commissary	Impact Fees	Drug Seizure	State Condemnation	E-911 Fund
REVENUES								
Taxes	$ 4,482,267	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	$ 451,117	$ 168,674	-	-	-	$ 1,303,631
Fine and forfeitures	-	$ 20,473	-	-	-	$ 1,355	$ 9,060	-
Contributions	-	-	-	-	-	-	-	-
Investment earnings	20,404	7	-	-	$ 27	1	-	67
Other	-	-	-	-	-	-	-	-
Total revenues	4,502,671	20,480	451,117	168,674	27	1,356	9,060	1,303,698
EXPENDITURES								
Current:								
Public safety	-	14,835	436,724	168,674	-	-	-	998,324
Public works	-	-	-	-	299,113	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	32,150	-	-	-
Health and welfare	3,558,913	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	137,843
Interest	-	-	-	-	-	-	-	4,949
Total expenditures	3,558,913	14,835	436,724	168,674	331,263	-	-	1,141,116
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	943,758	5,645	14,393	-	(331,236)	1,356	9,060	162,582
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	7,660	-	-	-	-	-
Transfers out	-	-	-	-	(84,756)	-	(7,660)	-
Total other financing sources (uses)	-	-	7,660	-	(84,756)	-	(7,660)	-
NET CHANGE IN FUND BALANCES	943,758	5,645	22,053	-	(415,992)	1,356	1,400	162,582
FUND BALANCES, BEGINNING OF YEAR	78,709	69,225	131,450	-	1,526,553	7,056	2,867	745,084
FUND BALANCES, END OF YEAR	$ 1,022,467	$ 74,870	$ 153,503	$ -	$ 1,110,561	$ 8,412	$ 4,267	$ 907,666

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Wireless E-911 Fund	Juvenile Services	County Jail	Fire Taxing District	Inspections & Zoning	Senior Citizens Activity	Hotel Motel Tax	Total
REVENUES								
Taxes	$ -	-	-	-	-	-	$ 18,710	$ 4,500,977
Licenses and permits	-	-	-	-	$ 773,755	-	-	773,755
Intergovernmental	-	-	-	$ 15,675	-	-	-	15,675
Charges for services	-	-	-	2,124,781	19,222	10,312	-	4,077,737
Fine and forfeitures	-	$ 2,950	$ 64,916	-	-	-	-	98,754
Contributions	-	-	-	2,000	-	-	-	2,000
Investment earnings	-	4	9	5,248	1,082	$ 5	-	26,854
Other	-	-	-	13,888	61	-	-	13,949
Total revenues	-	2,954	64,925	2,161,592	794,120	10,317	18,710	9,509,701
EXPENDITURES								
Current:								
Public safety	-	-	-	5,172,293	-	-	-	6,790,850
Public works	-	-	-	-	-	-	-	299,113
Housing and development	-	-	-	-	783,386	-	14,967	798,353
Culture and recreation	-	-	-	-	-	-	-	32,150
Health and welfare	-	-	-	-	-	100,947	-	3,659,860
Debt service:								
Principal	-	-	-	-	-	-	-	137,843
Interest	-	-	-	-	-	-	-	4,949
Total expenditures	-	-	-	5,172,293	783,386	100,947	14,967	11,723,118
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	2,954	64,925	(3,010,701)	10,734	(90,630)	3,743	(2,213,417)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	2,900,000	142,440	103,758	-	3,153,858
Transfers out	-	-	-	-	-	-	-	(92,416)
Total other financing sources (uses)	-	-	-	2,900,000	142,440	103,758	-	3,061,442
NET CHANGE IN FUND BALANCES	-	2,954	64,925	(110,701)	153,174	13,128	3,743	848,025
FUND BALANCES, BEGINNING OF YEAR	4,219	41,750	57,935	1,027,000	(389,808)	52,529	12,497	3,367,066
FUND BALANCES, END OF YEAR	$ 4,219	$ 44,704	$ 122,860	$ 916,299	$ (236,634)	$ 65,657	$ 16,240	$ 4,215,091

EFFINGHAM COUNTY, GEORGIA
HOSPITAL INDIGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$ 3,600,000	$ 4,482,267	$ 882,267
Interest	-	20,404	20,404
Total revenues	3,600,000	4,502,671	902,671
EXPENDITURES			
Health and welfare	3,600,000	3,558,913	41,087
NET CHANGE IN FUND BALANCE	-	943,758	943,758
FUND BALANCES, BEGINNING OF YEAR	78,709	78,709	-
FUND BALANCES, END OF YEAR	$ 78,709	$ 1,022,467	$ 943,758

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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 25,000	$ 20,473	$ (4,527)
Investment earnings	-	7	7
Total revenues	25,000	20,480	(4,520)
EXPENDITURES			
Public safety	25,000	14,835	10,165
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	5,645	5,645
FUND BALANCES, BEGINNING OF YEAR	69,225	69,225	-
FUND BALANCES, END OF YEAR	$ 69,225	$ 74,870	$ 5,645

EFFINGHAM COUNTY, GEORGIA
SHERIFF FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 269,898	$ 451,117	$ 181,219
EXPENDITURES			
Public safety	269,898	436,724	(166,826)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	14,393	14,393
OTHER FINANCING SOURCES (USES)			
Transfers in	-	7,660	7,660
NET CHANGE IN FUND BALANCE	-	22,053	22,053
FUND BALANCES, BEGINNING OF YEAR	131,450	131,450	-
FUND BALANCES, END OF YEAR	$ 131,450	$ 153,503	$ 22,053

EFFINGHAM COUNTY, GEORGIA
PRISON COMMISSARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	$126,500	$ 169,500	$ 168,674	$ (826)
EXPENDITURES				
Public safety	126,500	169,500	168,674	826
NET CHANGE IN FUND BALANCE	-	-	-	-
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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	-	-	-	-
Investment earnings	-	-	$ 27	$ 27
Total revenues	-	-	27	27
EXPENDITURES				
Public works	$ 845,862	$ 930,862	299,113	631,749
Culture and recreation	-	33,000	32,150	850
Total expenditures	845,862	963,862	331,263	632,599
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(845,862)	(963,862)	(331,236)	632,626
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(84,756)	(84,756)
NET CHANGE IN FUND BALANCE	(845,862)	(963,862)	(415,992)	547,870
FUND BALANCES, BEGINNING OF YEAR	1,526,553	1,526,553	1,526,553	-
FUND BALANCES, END OF YEAR	$ 680,691	$ 562,691	1,110,561	$ 547,870

EFFINGHAM COUNTY, GEORGIA
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	1,355	$ (48,645)
Investment earnings	-	1	1
Total revenues	50,000	1,356	(48,644)
EXPENDITURES			
Public safety	50,000	-	50,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,356	1,356
FUND BALANCES, BEGINNING OF YEAR	7,056	7,056	-
FUND BALANCES, END OF YEAR	$ 7,056	8,412	$ 1,356

EFFINGHAM COUNTY, GEORGIA
STATE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	9,060	$ (40,940)
EXPENDITURES			
Public safety	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	50,000	9,060	(40,940)
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,000)	(7,660)	42,340
NET CHANGE IN FUND BALANCES	-	1,400	1,400
FUND BALANCES, BEGINNING OF YEAR	2,867	2,867	-
FUND BALANCES, END OF YEAR	$ 2,867	4,267	$ 1,400

EFFINGHAM COUNTY, GEORGIA
E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 1,105,860	$ 1,303,631	$ 197,771
Investment earnings	-	67	67
Total revenues	1,105,860	1,303,698	197,838
EXPENDITURES			
Current			
Public safety	1,053,695	998,324	55,371
Debt service			
Principal	137,843	137,843	-
Interest	4,949	4,949	-
Total expenditures	1,196,487	1,141,116	55,371
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(90,627)	162,582	253,209
OTHER FINANCING SOURCES (USES)			
Transfers in	90,627	-	(90,627)
NET CHANGE IN FUND BALANCE	-	162,582	162,582
FUND BALANCES, BEGINNING OF YEAR	745,084	745,084	-
FUND BALANCES, END OF YEAR	$ 745,084	$ 907,666	$ 162,582

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, 2019

	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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 2,500	$ 2,950	$ 450
Investment earnings	-	4	4
Total revenues	2,500	2,954	454
EXPENDITURES			
Health and welfare	2,500	-	2,500
NET CHANGE IN FUND BALANCE	-	2,954	2,954
FUND BALANCES, BEGINNING OF YEAR	41,750	41,750	-
FUND BALANCES, END OF YEAR	$ 41,750	$ 44,704	$ 2,954

EFFINGHAM COUNTY, GEORGIA
COUNTY JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	$ 50,000	$ 64,916	$ 14,916
Investment earnings	-	9	9
Total revenues	50,000	64,925	14,925
EXPENDITURES			
Public safety	50,000	-	50,000
NET CHANGE IN FUND BALANCE	-	64,925	64,925
FUND BALANCES, BEGINNING OF YEAR	57,935	57,935	-
FUND BALANCES, END OF YEAR	$ 57,935	$ 122,860	$ 64,925

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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	-	$ 15,675	$ 15,675
Charges for services	$ 2,122,261	2,124,781	2,520
Investment earnings	-	5,248	5,248
Contributions	-	2,000	2,000
Other	-	13,888	13,888
Total revenues	2,122,261	2,161,592	39,331
EXPENDITURES			
Public safety	7,033,287	5,172,293	1,860,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,911,026)	(3,010,701)	1,900,325
OTHER FINANCING SOURCES (USES)			
Transfers in	4,911,026	2,900,000	(2,011,026)
NET CHANGE IN FUND BALANCE	-	(110,701)	(110,701)
FUND BALANCES, BEGINNING OF YEAR	1,027,000	1,027,000	-
FUND BALANCES, END OF YEAR	$ 1,027,000	$ 916,299	$ (110,701)

EFFINGHAM COUNTY, GEORGIA
INSPECTIONS & ZONING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses and permits	$ 636,000	$ 773,755	$ 137,755
Charges for services	25,000	19,222	(5,778)
Investment earnings	-	1,082	1,082
Other	-	61	61
Total revenues	661,000	794,120	133,120
EXPENDITURES			
Housing and development	803,440	783,386	20,054
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(142,440)	10,734	153,174
OTHER FINANCING SOURCES			
Transfers in	142,440	142,440	-
NET CHANGE IN FUND BALANCE	-	153,174	153,174
FUND BALANCES, BEGINNING OF YEAR	(389,808)	(389,808)	-
FUND BALANCES, END OF YEAR	$ (389,808)	$ (236,634)	$ 153,174

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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 5,000	$ 10,312	$ 5,312
Investment earnings	-	5	5
Total revenues	5,000	10,317	5,317
EXPENDITURES			
Health and welfare	108,758	100,947	7,811
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(103,758)	(90,630)	13,128
OTHER FINANCING SOURCES			
Transfers in	103,758	103,758	-
NET CHANGE IN FUND BALANCE	-	13,128	13,128
FUND BALANCES, BEGINNING OF YEAR	52,529	52,529	-
FUND BALANCES, END OF YEAR	$ 52,529	$ 65,657	$ 13,128

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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	$ 10,000	$ 15,000	$ 18,710	$ 3,710
EXPENDITURES				
Housing and development	10,000	15,000	14,967	33
NET CHANGE IN FUND BALANCE	-	-	3,743	3,743
FUND BALANCES, BEGINNING OF YEAR	12,497	-	12,497	-
FUND BALANCES, END OF YEAR	$ 12,497	$ -	$ 16,240	$ 3,743

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2019

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	-	-	$ 22,150	$ 22,150
Capital Assets				
Systems and equipment (net of depreciation)	-	-	114,420	114,420
Total Assets	-	-	136,570	136,570
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	418	418
Unearned revenue	$ 42,000	$ 52,500	-	94,500
Total Liabilities	42,000	52,500	418	94,918
NET POSITION				
Net investment in capital assets	-	-	114,420	114,420
Unrestricted	(42,000)	(52,500)	21,732	(72,768)
Total Net Position	$ (42,000)	$ (52,500)	$ 136,152	$ 41,652

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 1,019	$ 1,019
OPERATING EXPENSES				
Purchased services	-	-	41,365	41,365
Materials and supplies	-	-	7,334	7,334
Depreciation	-	-	9,602	9,602
Total operating expenses	-	-	58,301	58,301
OPERATING LOSS	-	-	(57,282)	(57,282)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	-	-	3	3
CHANGE IN NET POSITION	-	-	(57,279)	(57,279)
NET POSITION, BEGINNING OF YEAR	(42,000)	(52,500)	193,431	98,931
NET POSITION, END OF YEAR	$ (42,000)	$ (52,500)	$ 136,152	$ 41,652

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Impact Fees	Sewer Impact Fees	Landfill	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ -	$ -	$ 1,019	$ 1,019
Cash payments for goods and services	-	-	(49,297)	(49,297)
Net cash used by operating activities	-	-	(48,278)	(48,278)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds	-	-	21,219	21,219
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	-	-	3	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(27,056)	(27,056)
CASH AND CASH EQUIVALENTS, JULY 1, 2018	-	-	49,206	49,206
CASH AND CASH EQUIVALENTS, JUNE 30, 2019	$ -	$ -	$ 22,150	$ 22,150
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ (57,282)	$ (57,282)
Adjustments:				
Depreciation	-	-	9,602	9,602
Increase (decrease) in operating liabilities				
Accounts payable	-	-	(598)	(598)
Net cash used by operating activities	$ -	$ -	$ (48,278)	$ (48,278)

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Probation	Total
ASSETS							
Cash	$ 1,611,699	$ 180,678	$ 302,286	$ 18,093	$ 218,429	$ 26,402	$ 2,357,587
LIABILITIES							
Due to other entities and individuals	$ 1,611,699	$ 180,678	$ 302,286	$ 18,093	$ 218,429	$ 26,402	$ 2,357,587

EFFINGHAM COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Tax Commissioner				
Assets				
Cash	$ 1,521,902	$ 76,768,112	$ 76,678,315	$ 1,611,699
Liabilities				
Due to other entities and individuals	$ 1,521,902	$ 76,768,112	$ 76,678,315	$ 1,611,699
Probate Court				
Assets				
Cash	$ 79,374	$ 459,327	$ 358,023	$ 180,678
Liabilities				
Due to other entities and individuals	$ 79,374	$ 459,327	$ 358,023	$ 180,678
Clerk of Courts				
Assets				
Cash	$ 246,296	$ 2,962,475	$ 2,906,485	$ 302,286
Liabilities				
Due to other entities and individuals	$ 246,296	$ 2,962,475	$ 2,906,485	$ 302,286
Magistrate Court				
Assets				
Cash	$ 7,343	$ 345,500	$ 334,750	$ 18,093
Liabilities				
Due to other entities and individuals	$ 7,343	$ 345,500	$ 334,750	$ 18,093
Sheriff				
Assets				
Cash	$ 161,249	$ 138,766	$ 81,586	$ 218,429
Liabilities				
Due to other entities and individuals	$ 161,249	$ 138,766	$ 81,586	$ 218,429
Probation				
Assets				
Cash	$ 30,171	$ 375,792	$ 379,561	$ 26,402
Liabilities				
Due to other entities and individuals	$ 30,171	$ 375,792	$ 379,561	$ 26,402
Total Agency Funds				
Assets				
Cash	$ 2,046,335	$ 81,049,972	$ 80,738,720	$ 2,357,587
Liabilities				
Due to other entities and individuals	$ 2,046,335	$ 81,049,972	$ 80,738,720	$ 2,357,587

EFFINGHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2019

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2012 SPLOST						
County jail	$16,000,000	$14,505,061	$14,589,817	$ (84,756)	$14,505,061	100%
Public buildings	2,692,000	1,361,711	1,361,711	-	1,361,711	100%
Roads, streets and bridges	32,500,000	9,347,587	8,371,076	976,511	9,347,587	100%
Drainage projects	1,100,000	409,621	409,621	-	409,621	100%
Recreation projects	4,000,000	5,195,726	5,195,726	-	5,195,726	100%
Vehicles and equipment	2,875,000	3,553,723	3,553,723	-	3,553,723	100%
Technology projects	600,000	88,933	88,933	-	88,933	100%
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	$40,119,797	$39,228,042	891,755	$40,119,797	100.0%

	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	-	$ 359,570	$ 359,570	11%
Roads, streets and bridges	31,251,000	31,251,000	-	1,857,293	1,857,293	6%
Drainage projects	911,488	911,488	-	38,078	38,078	4%
Recreation projects	4,948,075	4,948,075	-	305,751	305,751	6%
Vehicles and equipment	6,771,050	6,771,050	-	3,302,471	3,302,471	49%
Technology projects	520,850	520,850	-	39,714	39,714	8%
Water and sewer	4,297,012	4,297,012	-	62,171	62,171	1%
Intergovernmental:						
City of Rincon	11,838,000	11,838,000	$ 1,584,054	1,506,904	3,090,958	26%
City of Springfield	3,821,000	3,821,000	511,468	486,558	998,026	26%
City of Guyton	2,256,000	2,256,000	301,635	286,944	588,579	26%
	$70,000,000	$70,000,000	$ 2,397,157	8,245,454	$10,642,611	15.2%

Total SPLOST expenditures	$ 9,137,209
SPLOST capital projects fund total expenditures	$ 10,388,051
SPLOST capital projects fund transfer out to Water & Sewer	62,171
	10,450,222
Less:	
Intergovernmental Revenue	(1,228,257)
Amount transferred from the Impact Fees Fund to SPLOST capital projects	(84,756)
	$ 9,137,209

LANIER, DEAL & PROCTOR

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

WILLIAM RUSSELL LANIER, CPA
RICHARD N. DEAL, CPA, CGMA
KAY S. PROCTOR, CPA, CFE, CGMA
WILLIAM BLAKE BLOSER, CPA
TIFFANY D. JENKINS, CPA, CGMA
RICHARD N. DEAL II, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 units, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2019, 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 23, 2019. Our report includes a reference to other auditors who audited the financial statements of the Effingham County Board of Health and the Effingham County Hospital Authority, discretely presented component units, 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.

2019-1 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 were also present in the prior year and resulted in additional audit time for the Tax Commissioner's office.

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 23, 2019