

EFFINGHAM COUNTY, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

Effingham County, Georgia
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For the Year Ended June 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Effingham County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Effingham County, Georgia as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Effingham County, Georgia's management. 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, which financial statements reflect total assets of \$427,624 at June 30, 2009, and total revenues of \$903,948. The Effingham County Board of Health is a discretely presented component unit included in Effingham County, Georgia's financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for this entity is based solely on the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Effingham County, Georgia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2009 on our consideration of Effingham County, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 6 through 14, and the budgetary comparison information on pages 53 and 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 fund statements and other schedules, including the Schedule of Projects Constructed with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Effingham County, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Caines, Hodges, Ace & Company, P.C.

Rincon, Georgia
December 8, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. 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 \$95,459,768 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$60,483,835 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$18,000,415 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$16,615,519 represent 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 \$42,537,441 this year. This compares to the prior year ending fund balance of \$37,580,065 showing an increase of \$4,957,376 during the current year. Unreserved fund balance of \$24,374,043 for fiscal year 2009 shows an increase of \$1,798,788.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$24,373,883 or 87% of total General Fund expenditures for fiscal year end June 2009.
- Overall, the County is continuing to build and maintain a strong financial position from which to operate and handle anticipated future capital needs. As well as to stabilized revenue.

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. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2009.

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 Assets*. 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 assets*. Over time, increases or decreases in net assets 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 nonfinancial 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 assets 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 from 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 streets. Business-type activities include water and sewer systems and sanitation.

The government-wide financial statements are presented on pages 15 & 16 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 17 through 20 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 21 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 26 of this report.

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Financial Analysis of the County as a Whole

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

The County's net assets at fiscal year-end are \$98,459,768. The following table provides a summary of the County's net assets:

Summary of Net Assets (in millions)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current Assets	46.0	41.0	1.5	3.3	47.5	44.3
Capital Assets	57.7	56.5	40.4	41.4	98.1	97.9
Total Assets	103.7	97.5	41.9	44.7	145.6	142.2
Liabilities						
Current Liabilities	3.7	3.7	6.4	7.4	10.1	11.1
Long-Term Liabilities	4.2	3.6	32.9	32.2	37.1	35.8
Total Liabilities	7.9	7.3	39.3	39.6	47.2	46.9
Net Assets						
Invested in capital Assets, net of debt	54.7	54.2	6.2	4.1	60.9	58.3
Restricted	17.3	14.7	3.6	1.4	20.9	16.1
Unrestricted	23.8	21.3	-7.2	-0.4	16.6	20.9
Total Net Assets	95.8	90.2	2.6	5.1	98.4	95.3

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 12.78 to 1.

The County reported positive balances in net assets for both governmental and business-type activities. Net assets increased by \$5,605,268 for governmental activities and decreased by \$2,424,467 for business-type activities. The County's overall financial position appears to have improved during fiscal year 2009. Note that approximately 57.10% of the Governmental Activities' net assets are 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 a 7.2 million deficit of unrestricted, undesignated and 6.2 million invested in Capital Assets with total net assets of 2.6 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 assets:

	Summary of Changes in Net Assets							
	2009				2008			
	Governmental Activities	Business Activities	Total	% of Total	Governmental Activities	Business Activities	Total	% of Total
Revenues:								
Program:								
Charges for services	\$ 5,286,389	\$ 3,520,397	\$ 8,806,786	19%	\$ 5,334,184	\$ 3,043,179	\$ 8,377,363	18%
Operating grants	2,275,059	-	2,275,059	5%	2,805,175	14,400	2,819,575	6%
Capital grants	454,631	167,282	621,913	1%	172,749	1,024,360	1,197,109	3%
General:								
Taxes	32,842,300	-	32,842,300	73%	33,551,706	-	33,551,706	70%
Other	575,743	115,459	691,202	2%	1,435,938	219,663	1,655,601	3%
Total revenues	<u>41,434,122</u>	<u>3,803,138</u>	<u>45,237,260</u>	<u>100%</u>	<u>43,299,752</u>	<u>4,301,602</u>	<u>47,601,354</u>	<u>100%</u>
Program Expenses:								
General government	7,672,435	-	7,672,435	18%	5,203,189	-	5,203,189	14%
Judicial	2,346,832	-	2,346,832	6%	2,320,051	-	2,320,051	6%
Public safety	15,712,573	-	15,712,573	37%	15,487,661	-	15,487,661	41%
Public works	5,932,478	-	5,932,478	14%	6,160,771	-	6,160,771	16%
Health and welfare	968,111	-	968,111	2%	1,074,138	-	1,074,138	3%
Culture and recreation	1,810,607	-	1,810,607	4%	1,668,063	-	1,668,063	4%
Housing and development	1,257,830	-	1,257,830	3%	1,371,001	-	1,371,001	4%
Interest	119,467	-	119,467	0%	143,810	-	143,810	0%
Water	-	2,151,839	2,151,839	5%	-	1,345,450	1,345,450	4%
Sewer	-	1,517,118	1,517,118	4%	-	1,075,607	1,075,607	3%
Sanitation	-	2,567,169	2,567,169	6%	-	2,320,787	2,320,787	6%
Total expenses	<u>35,820,333</u>	<u>6,236,126</u>	<u>42,056,459</u>	<u>100%</u>	<u>33,428,684</u>	<u>4,741,844</u>	<u>38,170,528</u>	<u>100%</u>
Excess	5,613,789	(2,432,988)	3,180,801		9,871,068	(440,242)	9,430,826	
Transfers	(8,521)	8,521	-		-	-	-	
Change in net assets	5,605,268	(2,424,467)	3,180,801		9,871,068	(440,242)	9,430,826	
Beginning net assets	90,184,317	5,094,651	95,278,968		82,455,292	5,534,893	87,990,185	
Adjustment to Assets			-		(2,142,043)		(2,142,043)	
Ending net assets	<u>\$ 95,789,585</u>	<u>\$ 2,670,184</u>	<u>\$ 98,459,769</u>		<u>\$ 90,184,317</u>	<u>\$ 5,094,651</u>	<u>\$ 95,278,968</u>	

Governmental Revenues

The County is heavily reliant on property and sales taxes to support governmental operations. In 2009 Property taxes provided 54.29% of the County's governmental revenues and sales taxes provided 22% of the County's governmental revenues. Because of the County's healthy financial position, we have been able to earn \$395,777 in interest earnings to support governmental activities. Also, note that program revenues cover only 22.4% of governmental operating expenses. This means that the government's taxpayers and the County's other general revenues fund 73.48% 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 43.86% (46.3% in 2008) of the County's total governmental expenses. The public works function makes up 16.60% (18.42% in 2008) 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.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 7,672,435	\$ 6,530,955
Judicial	2,346,832	2,205,283
Public safety	15,712,573	10,498,487
Public works	5,932,478	5,104,846
Health and welfare	968,111	789,246
Culture and recreation	1,810,607	1,540,787
Housing and development	1,257,830	1,015,183
Interest on long-term debt	119,467	119,467
Total	<u>\$ 35,820,333</u>	<u>\$ 27,804,254</u>

Business-Type Activities

The County is in its sixth year of the development of its water and sewer operations. The operating revenues for water & sewer in 2009 were \$924,859 and \$518,444 for 2008. Operating expenses for 2009 were \$ 2,529,931 and \$1,858,005 for 2008. An operating loss of \$1,605,072 was incurred for 2009 and for 2008 the operating loss was \$1,339,561.

The operating revenues for the sanitation fund were \$2,631,127 for 2009 and \$2,595,229 for 2008. This activity resulted in operating income of \$63,958 but after including the insurance premium tax and interest income, the fund reported net income of over \$118,176.

FUND LEVEL FINANCIAL STATEMENTS

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$42,537,441. Of this year-end total, \$24,374,043 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include but are not limited to: \$12,688,870 committed to approved SPLOST projects, and \$4,644,572 restricted to public safety purposes including the emergency 911 program and Fire Services.

The total ending fund balances of governmental funds show an increase of \$ 4,957,376 or 13.25% of the prior years' total fund balance. This increase is primarily the result of the events and programs described within the analysis of the County's governmental activities presented in the next section.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$2,346,118 from the prior year.

Property taxes increased approximately \$563,765 thousand or 3.55% because while in 2009 the millage rate was decreased (rolled back) to 8.854 mils from 8.913 mils, the net tax digest increased from \$1,623,595,051 to \$1,720,861,520. The increase in tax collected is only on the new growth within the tax digest. The General Fund's ending fund balance is considered to be in a strong position, representing the equivalent of 90% of actual annual expenditures for 2009. Included in this fund balance is \$4.2 million set aside for any unforeseen emergencies or for a catastrophe.

The total general fund expenditures were approximately \$27 million or approximately \$1.8 million more than the prior year.

General fund public safety costs increased from \$12,777,748 in 2008 to \$ 13,722,902 in 2009.

General fund public works costs in fiscal year 2009 were \$3,032,860 and \$2,675,198 in 2008.

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 revenue budget was amended upward by approximately \$34,000 related to grant receipts. Most other revenue final budgets were consistent with the original budgets.

The actual revenue from charges and services was \$288,104 above the final budget. Taxes were almost \$466,997 below the final budgeted revenue. For investment earnings, the budget fell short by \$168,442.

Expenditures - The expenditure side of the original budget for the General Fund was revised upward for various items during the year by \$34,000 or 1%. The total general fund budget was under spent by approximately \$2,811,949. The County spent 90.8% of its general fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2009, was \$57,663,891 and \$40,429,272 respectively. The total net increase in this net investment was \$1,169,892 for governmental activities, and a \$976,138 decrease for business-type activities. The increases in these amounts relate to the addition of roads constructed and drainage improvements, land and buildings, infrastructure, equipment, furniture, construction in progress and vehicles.

See Note 3-D 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	
	2009	2008	2009	2008	2009	2008
Non-depreciable assets:						
Land and land rights	\$ 3,997,180	\$ 3,997,180	\$ 1,366,918	\$ 1,366,918	\$ 5,364,098	\$ 5,364,098
Construction in progress	4,226,516	4,474,367	1,572,703	1,469,264	5,799,219	5,943,631
Total non-depreciable assets	8,223,696	8,471,547	2,939,621	2,836,182	11,163,317	11,307,729
Depreciable assets:						
Buildings	24,919,038	22,728,639			24,919,038	22,728,639
Land and building improvements	5,977,526	4,167,500			5,977,526	4,167,500
Water system, wells and lines			9,271,246	9,271,246	9,271,246	9,271,246
Sewer systems and lines			12,699,619	12,699,619	12,699,619	12,699,619
Waste Water Treatment Plant			16,595,226	16,595,226	16,595,226	16,595,226
Waste Water Equipment			1,791,003	1,791,003	1,791,003	1,791,003
Other equipment	14,754,972	12,502,447			14,754,972	12,502,447
Transportation equipment	5,270,024	5,253,323	65,477	24,495	5,335,501	5,277,818
Furniture and fixtures	1,021,266	1,021,266			1,021,266	1,021,266
Computers and peripherals	495,830	424,791	13,707	13,707	509,537	438,498
Infrastructure	82,151,859	81,395,192			82,151,859	81,395,192
Total depreciable assets	134,590,515	127,493,158	40,436,278	40,395,296	175,026,793	167,888,454
Less accumulated depreciation	85,150,320	79,470,706	2,946,627	1,826,068	88,096,947	81,296,774
Book value - depreciable assets	49,440,195	48,022,452	37,489,651	38,569,228	86,929,846	86,591,680
Percentage depreciated	37%	38%	93%	95%	50%	52%
Book value - all assets	\$ 57,663,891	\$ 56,493,999	\$ 40,429,272	\$ 41,405,410	\$ 98,093,163	\$ 97,899,409

At June 30, 2008, the depreciable capital assets for governmental activities were 38% depreciated. This compares approximately equally to the June 30, 2009 percentage.

(This page continued on next page)

Long-term Debt

At the end of the fiscal year, the County had total capital leases outstanding of \$3,024,702 and notes payable of \$34,224,626.

During the year, the County retired \$952,194 or 31.48% of the beginning outstanding debt balance.

	Governmental Activities		Percentage Change
	2009	2008	
Capital leases	\$ 3,024,702	\$ 2,283,760	32%
Landfill closure and postclosure care	1,484,008	1,462,076	2%
Compensated absences	777,685	687,943	13%
Total	<u>\$ 5,286,395</u>	<u>\$ 4,433,779</u>	19%

See Note 3-G 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 46% from 1990 to 2000.

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 Finance Director at 601 North Laurel Street, Springfield, Georgia 31329 or telephone 912-754-8011.

Effingham County, Georgia
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents (Note 3-A)	\$ 35,452,863	\$ 3,380,116	\$ 38,832,979	\$ 377,323
Restricted cash (Note 3-A)	149,347	3,693,613	3,842,960	
Receivables:				
Accounts	832,276	304,439	1,136,715	23,596
Property taxes	1,213,640		1,213,640	
Sales taxes	1,149,352		1,149,352	
Internal	6,458,054	(6,458,054)	0	
Prepaid items	755,892	5,090	760,982	
Deferred charges - loan costs		595,077	595,077	
Capital assets (Note 3-D)				
Nondepreciable capital assets	8,223,696	2,939,621	11,163,317	
Depreciable capital assets, net	49,440,195	37,489,651	86,929,846	26,705
Total assets	<u>103,675,315</u>	<u>41,949,553</u>	<u>145,624,868</u>	<u>427,624</u>
Liabilities				
Current liabilities				
Accounts payable	1,783,324	677,792	2,461,116	7,857
Accounts payable from restricted assets		28,800	28,800	
Accrued expenses	583,105	15,851	598,956	
Accrued interest payable	27,409	99,054	126,463	
Due to Department of Human Resources				16,342
Performance bonds	67,430		67,430	
Customer deposits		40,748	40,748	
Unearned revenue	138,067	4,192,498	4,330,565	
Compensated absences payable	466,611		466,611	6,458
Capital leases payable	611,775		611,775	
Notes payable		1,339,142	1,339,142	
Long-term liabilities: (Note 3-F)				
Notes payable (net of current portion)		32,885,484	32,885,484	
Compensated absences payable (net of current portion)	311,074		311,074	25,831
Capital leases payable (net of current portion)	2,412,927		2,412,927	
Landfill closure and postclosure care costs payable	1,484,008		1,484,008	
Total liabilities	<u>7,885,730</u>	<u>39,279,369</u>	<u>47,165,099</u>	<u>56,488</u>
Net assets				
Invested in capital assets, net of related debt (Note 3-I)	54,639,189	6,204,646	60,843,835	26,705
Restricted for:				
Capital projects	12,688,870	166,263	12,855,133	
Debt service	160	3,500,550	3,500,710	
Public safety	2,369,894		2,369,894	
Program purposes	2,274,678		2,274,678	335,174
Unrestricted	23,816,794	(7,201,275)	16,615,519	9,257
Total net assets	<u>\$ 95,789,585</u>	<u>\$ 2,670,184</u>	<u>\$ 98,459,769</u>	<u>\$ 371,136</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
 Statement of Activities
 For the Year Ended June 30, 2009

Function/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General government	\$ 7,672,435	\$ 1,067,598	\$ 73,882		\$ (6,530,955)	\$ (6,530,955)	
Judicial	2,346,832	137,962	3,587		(2,205,283)	(2,205,283)	
Public safety	15,712,573	3,267,127	1,946,959		(10,498,487)	(10,498,487)	
Public works	5,932,478	323,735	71,766	432,131	(5,104,846)	(5,104,846)	
Health and welfare	968,111		178,865		(789,246)	(789,246)	
Culture and recreation	1,810,607	247,320		22,500	(1,540,787)	(1,540,787)	
Housing and development	1,257,830	242,647			(1,015,183)	(1,015,183)	
Interest	119,467				(119,467)	(119,467)	
Total governmental activities	35,820,333	5,286,389	2,275,059	454,631	(27,804,254)	(27,804,254)	
Business-type activities:							
Water	2,151,839	912,996		167,282		(1,071,561)	
Sewer	1,517,118					(1,517,118)	
Sanitation	2,567,169	2,607,401			40,232	40,232	
Total business-type activities	6,236,126	3,520,397	0	167,282	0	(2,548,447)	
Total primary government	\$ 42,056,459	\$ 8,806,786	\$ 2,275,059	\$ 621,913	(27,804,254)	(30,352,701)	
Component unit							
Effingham County Board of Health	\$ 760,311	\$ 280,939	\$ 508,374	\$ 0		\$ 29,002	
General revenues							
Property taxes levied for general government purposes					16,747,708	16,747,708	
Sales taxes					13,979,563	13,979,563	
Insurance premium taxes					1,512,603	1,512,603	
Other taxes					602,426	602,426	
Gain on sale of capital assets					15,127	15,127	
Investment earnings					395,777	395,777	
Miscellaneous					164,839	164,839	
Total general revenues					33,418,043	33,533,502	114,635
Transfers					(8,521)	0	114,635
Total general revenues and transfers					33,409,522	33,533,502	114,635
Change in net assets					5,605,268	(2,424,467)	143,637
Net assets beginning of year					90,184,317	5,094,651	227,499
Net assets end of year					\$ 95,789,585	\$ 2,670,184	\$ 98,459,769

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 17,163,611	\$ 12,808,894	\$ 5,480,358	\$ 35,452,863
Restricted cash	149,347			149,347
Receivables:				
Accounts	547,164	204,740	80,372	832,276
Property taxes	1,213,640			1,213,640
Sales taxes	501,830	647,522		1,149,352
Interfund	7,186,391	385,834	226,497	7,798,722
Prepaid items	748,039		7,853	755,892
Total assets	<u>\$ 27,510,022</u>	<u>\$ 14,046,990</u>	<u>\$ 5,795,080</u>	<u>\$ 47,352,092</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 670,120	\$ 906,459	\$ 206,745	\$ 1,783,324
Accrued expenditures	528,504	20,362	34,239	583,105
Performance bonds	67,430			67,430
Interfund payable	5	431,299	909,364	1,340,668
Deferred revenue	1,040,124			1,040,124
Total liabilities	<u>2,306,183</u>	<u>1,358,120</u>	<u>1,150,348</u>	<u>4,814,651</u>
Fund balances				
Reserved for:				
Restricted assets	81,917			81,917
Prepaid items	748,039		7,853	755,892
Program puposes - committed for capital purchases		19,693	33,463	53,156
Program puposes		12,669,177	4,603,256	17,272,433
Unreserved:				
Designated:				
Landfill closure	1,484,008			1,484,008
Operations	4,200,000			4,200,000
Debt service in the debt service fund			160	160
Undesignated reported in general fund	18,689,875			18,689,875
Total fund balances	<u>25,203,839</u>	<u>12,688,870</u>	<u>4,644,732</u>	<u>42,537,441</u>
Total liabilities and fund balances	<u>\$ 27,510,022</u>	<u>\$ 14,046,990</u>	<u>\$ 5,795,080</u>	<u>\$ 47,352,092</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Total Governmental Fund Balances \$ 42,537,441

Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost	\$ 142,814,211	
Less accumulated depreciation	<u>(85,150,320)</u>	57,663,891

Property taxes are deferred in the governmental funds because they are not available but they are reported as revenue on the statement of activities. 902,057

Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets.

Interfund receivables	(1,340,668)	
Interfund payables	<u>1,340,668</u>	0

Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide reporting level. (27,409)

Liabilities, including bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable	(3,024,702)	
Landfill closure and postclosure care costs	(1,484,008)	
Compensated absences	<u>(777,685)</u>	<u>(5,286,395)</u>

Net Assets of Governmental Activities \$ 95,789,585

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 16,412,535			\$ 16,412,535
Sales taxes	6,834,153	\$ 7,145,410		13,979,563
Insurance premium taxes			\$ 1,512,603	1,512,603
Other taxes	602,426			602,426
Licenses and permits	269,082			269,082
Intergovernmental	2,258,964	432,131	38,595	2,729,690
Charges for services	2,367,397		1,512,563	3,879,960
Fines and forfeitures	1,085,313		52,034	1,137,347
Investment earnings	231,558	126,468	37,751	395,777
Miscellaneous	164,839			164,839
Total revenues	<u>30,226,267</u>	<u>7,704,009</u>	<u>3,153,546</u>	<u>41,083,822</u>
Expenditures				
Current:				
General government	4,630,018		328,000	4,958,018
Judicial	2,339,388			2,339,388
Public safety	13,722,902		3,571,947	17,294,849
Public works	3,032,860		413,265	3,446,125
Health and welfare	963,982			963,982
Culture and recreation	1,627,855			1,627,855
Housing and development	1,449,569			1,449,569
Capital outlays - SPLOST		4,679,298		4,679,298
Debt service:				
Principal retirement	120,030	112,470	719,694	952,194
Interest and fiscal charges	8,672	17,698	88,540	114,910
Total expenditures	<u>27,895,276</u>	<u>4,809,466</u>	<u>5,121,446</u>	<u>37,826,188</u>
Excess (deficiency) of revenues over expenditures	<u>2,330,991</u>	<u>2,894,543</u>	<u>(1,967,900)</u>	<u>3,257,634</u>
Other financing sources				
Proceeds from capital leases		510,967	1,182,169	1,693,136
Proceeds from sales of surplus	15,127			15,127
Transfer to water fund		(8,521)		(8,521)
Total other financing sources	<u>15,127</u>	<u>502,446</u>	<u>1,182,169</u>	<u>1,699,742</u>
Net change in fund balances	2,346,118	3,396,989	(785,731)	4,957,376
Fund balances beginning of year	<u>22,857,721</u>	<u>9,291,881</u>	<u>5,430,463</u>	<u>37,580,065</u>
Fund balances end of year	<u>\$ 25,203,839</u>	<u>\$ 12,688,870</u>	<u>\$ 4,644,732</u>	<u>\$ 42,537,441</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net Changes In Fund Balances - Total Governmental Funds \$ 4,957,376

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation expense	\$ (6,084,533)	
Capital outlay	<u>7,254,425</u>	1,169,892

Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred at 6/30/09	902,057	
Deferred at 6/30/08	<u>(566,884)</u>	335,173

Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability at 6/30/09	(27,409)	
Liability at 6/30/08	<u>22,852</u>	(4,557)

The issuance of long-term debt (e.g. notes payable, capital leases) provides current financial resources to the governmental funds, but the receipt of proceeds from long-term debt increases long-term liabilities in the statement of net assets.

(1,693,136)

Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

952,194

Landfill closure and post closure care reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Liability at 6/30/09	(1,484,008)	
Liability at 6/30/08	<u>1,462,076</u>	(21,932)

Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability at 6/30/09	(777,685)	
Liability at 6/30/08	<u>687,943</u>	<u>(89,742)</u>

Change In Net Assets of Governmental Activities \$ 5,605,268

Effingham County, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Major			Total
	Water	Sewer	Sanitation	
Assets				
Current Assets				
Cash and cash equivalents	\$ 354,520	\$ 86,430	\$ 2,939,166	\$ 3,380,116
Restricted cash	3,693,613			3,693,613
Receivables				
Accounts	294,466	9,933	40	304,439
Interfund	2,303,669			2,303,669
Prepaid items	856	831	3,403	5,090
Total current assets	<u>6,647,124</u>	<u>97,194</u>	<u>2,942,609</u>	<u>9,686,927</u>
Noncurrent assets				
Deferred charges - loan costs	278,677	316,400		595,077
Capital assets				
Land	80,358	1,286,560		1,366,918
Construction in progress	1,477,784	94,919		1,572,703
Systems and equipment (net of depreciation)	20,821,813	16,612,159	55,679	37,489,651
	<u>22,658,632</u>	<u>18,310,038</u>	<u>55,679</u>	<u>41,024,349</u>
Total assets	<u>29,305,756</u>	<u>18,407,232</u>	<u>2,998,288</u>	<u>50,711,276</u>
Liabilities				
Current Liabilities:				
Accounts payable				
From unrestricted assets	204,888	75,674	397,230	677,792
From restricted assets	28,800			28,800
Accrued expenses	4,130	3,912	7,809	15,851
Accrued interest payable	58,064	40,990		99,054
Customer deposits	40,748			40,748
Deferred revenue - aid in construction	4,192,498			4,192,498
Interfund payable	5,727,120	3,033,520	1,083	8,761,723
Notes payable	670,666	668,476		1,339,142
Total current liabilities	<u>10,926,914</u>	<u>3,822,572</u>	<u>406,122</u>	<u>15,155,608</u>
Long-term debt (net of current portion)	16,891,435	15,994,049		32,885,484
Total liabilities	<u>27,818,349</u>	<u>19,816,621</u>	<u>406,122</u>	<u>48,041,092</u>
Net Assets				
Invested in capital assets, net of related debt	4,817,854	1,331,113	55,679	6,204,646
Reserved for restricted assets, net of related liabilities for				
Debt service	3,500,550			3,500,550
Capital projects	166,263			166,263
Unreserved, undesignated	(6,997,260)	(2,740,502)	2,536,487	(7,201,275)
Total net assets	<u>\$ 1,487,407</u>	<u>\$ (1,409,389)</u>	<u>\$ 2,592,166</u>	<u>\$ 2,670,184</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Statement of Revenues,
Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Major			Total
	Water	Sewer	Sanitation	
Operating revenues				
Charges for services	\$ 912,996		\$ 2,607,401	\$ 3,520,397
Miscellaneous	11,863		23,726	35,589
Total operating revenues	<u>924,859</u>	<u>\$ 0</u>	<u>2,631,127</u>	<u>3,555,986</u>
Operating expenses				
Salaries	83,985	90,596	181,048	355,629
Employee benefits	42,306	32,989	84,922	160,217
Professional fees & contract services	24,658	73,612		98,270
Post-closure care			16,870	16,870
Solid waste collection			2,007,786	2,007,786
Solid waste collection - landfill			159,116	159,116
Repairs and maintenance	21,335	14,639	18,286	54,260
Insurance	1,503	5,991	5,002	12,496
Operating supplies	51,369	73,681	19,793	144,843
Environmental programs			26,657	26,657
Utilities	26,059	74,098	8,412	108,569
ECP Water	477,115			477,115
Water flushing	164,358			164,358
Water testing	8,242			8,242
Water Tier I	96,506			96,506
Depreciation	520,020	595,640	4,899	1,120,559
Other	20,559	30,670	34,378	85,607
Total operating expenses	<u>1,538,015</u>	<u>991,916</u>	<u>2,567,169</u>	<u>5,097,100</u>
Operating income (loss)	<u>(613,156)</u>	<u>(991,916)</u>	<u>63,958</u>	<u>(1,541,114)</u>
Non-operating revenues (expenses)				
Tap fees	183,632			183,632
ERU charges	(16,350)			(16,350)
Investment earnings	11,797	13,855	54,218	79,870
Interest expense	(613,824)	(525,202)		(1,139,026)
Total non-operating revenues (expenses)	<u>(434,745)</u>	<u>(511,347)</u>	<u>54,218</u>	<u>(891,874)</u>
Income before transfers	<u>(1,047,901)</u>	<u>(1,503,263)</u>	<u>118,176</u>	<u>(2,432,988)</u>
Transfers in	8,521			8,521
Changes in net assets	<u>(1,039,380)</u>	<u>(1,503,263)</u>	<u>118,176</u>	<u>(2,424,467)</u>
Net assets -				
Beginning of year	<u>2,526,787</u>	<u>93,874</u>	<u>2,473,990</u>	<u>5,094,651</u>
End of year	<u>\$ 1,487,407</u>	<u>\$ (1,409,389)</u>	<u>\$ 2,592,166</u>	<u>\$ 2,670,184</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Major			Total
	Water	Sewer	Sanitation	
Increase (decrease) in cash and cash equivalents				
Cash flows from operating activities				
Cash received from customers	\$ 774,399		\$ 2,636,607	\$ 3,411,006
Cash payments to employees for services	(126,536)	\$ (124,237)	(267,498)	(518,271)
Cash payments for goods and services	(791,865)	(206,965)	(2,338,346)	(3,337,176)
Net cash provided by (used for) operating activities	<u>(144,002)</u>	<u>(331,202)</u>	<u>30,763</u>	<u>(444,441)</u>
Cash flows from noncapital financing activities				
Interfund payable (receivable)	2,234,965	1,881,314	(6,071)	4,110,208
Interfund transfers	8,521			
Net cash provided by (nsed for) noncapital financing activities	<u>2,243,486</u>	<u>1,881,314</u>	<u>(6,071)</u>	<u>4,110,208</u>
Cash flows from capital and related financing activities				
Water impact fees	183,632			183,632
ERU charges	(16,350)			(16,350)
Loan fees paid		(224,000)		(224,000)
Proceeds from notes payable	411,923			411,923
Payments on notes payable	(299,913)	(649,314)		(949,227)
Interest paid on notes	(292,362)	(509,890)		(802,252)
Payments for capital acquisitions	(8,520)	(94,919)	(40,982)	(144,421)
Net cash used for capital and related financing activities	<u>(21,590)</u>	<u>(1,478,123)</u>	<u>(40,982)</u>	<u>(1,540,695)</u>
Cash flows from investing activities				
Interest on investments	11,797	13,855	54,218	79,870
Net increase in cash and cash equivalents	2,089,691	85,844	37,928	2,213,463
Cash and cash equivalents				
Beginning of year	<u>1,958,442</u>	<u>586</u>	<u>2,901,238</u>	<u>4,860,266</u>
End of year	<u>\$ 4,048,133</u>	<u>\$ 86,430</u>	<u>\$ 2,939,166</u>	<u>\$ 7,073,729</u>

(continued)

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Major			Total
	Water	Sewer	Sanitation	
				(continued)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (613,156)	\$ (991,916)	\$ 63,958	\$ (1,541,114)
Depreciation and amortization	520,020	595,640	4,899	1,120,559
(Increase) decrease in assets				
Accounts receivable	(149,076)	18,539	5,480	(125,057)
Prepaid expenses	(492)	1,358	238	1,104
Increase (decrease) in liabilities				
Customer deposits	(1,384)			(1,384)
Accounts payable	105,731	45,829	(42,284)	109,276
Accrued expenses	(245)	(652)	(1,528)	(2,425)
Deferred revenues	(5,400)			(5,400)
Net cash provided by (used for) operating activities	<u>\$ (144,002)</u>	<u>\$ (331,202)</u>	<u>\$ 30,763</u>	<u>\$ (444,441)</u>

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and cash equivalents

\$ 1,002,415

Liabilities

Due to other jurisdictions

\$ 1,002,415

The accompanying notes are an integral part of the financial statements.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

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Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Effingham County, Georgia, (the County) was created pursuant to the Constitution of the State of Georgia of 1777, and is governed by a county commission pursuant to an act of the General Assembly of Georgia, Georgia Law 1921, and as amended by acts of General Assembly of Georgia including Georgia Law 1980, and is currently existing as a political subdivision of the State of Georgia. The County operates under a five-member board of commissioners and a chairman-at-large.

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 Counties. 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. For the County, this entity includes the County constitutional officers (e.g., the sheriff, the tax commissioner).

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 discretely presented component unit follows:

Based on the application of these criteria, the County has included Effingham County Board of Health as a discretely presented component unit. Copies of the discretely presented component unit separate financial statements may be obtained directly from the Effingham County Board of Health, P. O. Box 350, Springfield, Georgia 31329.

The Effingham County Hospital Authority, Effingham County Board of Education, Department of Family and Children Services, and Effingham County Industrial Development Authority all have been evaluated as potential component units and none meet the component unit criteria.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues, from business-type activities, generally financed in whole or in part with rental fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component unit at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

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 County and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

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.

SPLOST Capital Projects Fund - 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 assets, financial position and cash flows. The proprietary funds are classified as enterprise funds. The following are the County's major enterprise funds:

Water Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing water services to County residents.

Sewer Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing sewer 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 County's fiduciary funds are agency funds.

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 assets. The statement of activities reports revenues and expenses.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its enterprise 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 agency funds use the accrual basis of accounting. Enterprise 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 revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - 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. (Note 3-C) 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.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue. Deferred revenue is reclassified as "unearned revenue" on the government-wide statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 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 government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 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, 2009.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "due from/due to other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Inventory

Inventories consist of recreation concessions and vehicle fleet parts. Inventories are valued at cost, using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 reserved as this amount is not available for general appropriation.

1-E-6 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 assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of ten thousand dollars. The County's infrastructure consists of roads, bridges, water lines and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land 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:

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

	Governmental Activities	Business-type Activities
Buildings	25 years	25 years
Land and building improvements	7 - 25 years	7 - 25 years
Equipment	5 - 10 years	5 - 10 years
Transportation equipment	5 years	5 years
Furniture and fixtures	8 - 10 years	8 - 10 years
Computers and peripherals	5 years	5 years
Infrastructure - roads	10 - 15 years	--
Infrastructure - road beds	20 years	--
Infrastructure - bridges	25 years	--

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7 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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

1-E-8 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. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

1-E-9 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

1-E-10 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 assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets 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. All other net assets are reported as unrestricted.

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

1-E-11 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 and solid waste programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1-E-12 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.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

1-E-13 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 the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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

1-E-14 Estimates

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

1-E-15 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund, each capital projects fund and the debt service fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The County Administrator may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the County Commissioners. During the year, the County Commission approved three budget revisions.

All unexpended annual appropriations lapse at year-end.

General fund payments in the amount of \$753,489 are reported as "payments to other agencies" on the budgetary basis but are classified within functions on the GAAP basis. On the budgetary basis, debt service expenditures (i.e., \$128,702) are budgeted within the functions but are reported as separate character classifications on the GAAP basis.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Custodial Credit Risk -- Custodial credit risk is the risk that in the event of a financial institution failure, the government's deposits and investments may not be returned to it.

Deposits - The government does not have a deposit policy for custodial credit risk, however, as of June 30, 2009, the government is not exposed to custodial credit risk.

Investments -- At June 30, 2009, the County invested \$26,456,560 (recorded at fair value) with the State of Georgia Local Government Investment Pool (Georgia Fund 1). The fair value of the County's position in the state investment pool is the same as the value of the pool share. The oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services. This pool is managed under the policies included in Georgia law (O.C.G.A. 36-83-4). The entire portfolio, including the County's pro-rata portion, consists of collateralized certificates of deposit and County or County agency securities owned outright and under agreement to resale. The title to all investments, including collateral pledged to secure certificates of deposit, is held in the custody of the Director, Fiscal Division, Department of Administrative Services, State of Georgia, in accordance with Georgia law. Georgia Fund 1 is rated AAA for credit risk. The Georgia Fund 1 does not have a custodial credit risk.

3-B. Receivables

Receivables at June 30, 2009, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables 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 in the case of receivables, collectibility.

3-C. Property Taxes

The Board of Commissioners levy property taxes on or about July 15th of each year. 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 property taxes for the County Board of Education, the County Hospital Authority, the County Industrial Development Authority, and the City of Guyton. Collection of the County's taxes and for the other governmental 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 2009 property taxes were levied on June 17, 2008 and were due November 15, 2008.

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Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance 7/1/2008	Additions	Deductions	Reclassification	Balance 6/30/2009
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,997,180				\$ 3,997,180
Construction in progress	4,474,367	\$ 2,204,522		\$ (2,452,373)	4,226,516
Total capital assets non-depreciable	<u>8,471,547</u>	<u>2,204,522</u>	<u>\$ 0</u>	<u>(2,452,373)</u>	<u>8,223,696</u>
Other capital assets:					
Buildings	22,728,639	1,771,193		419,206	24,919,038
Land and building improvements	4,167,500	276,037		1,533,989	5,977,526
Other equipment	12,502,447	1,810,979		441,546	14,754,972
Transportation equipment	5,253,323	421,620	404,919		5,270,024
Furniture and fixtures	1,021,266				1,021,266
Computers and peripherals	424,791	71,039			495,830
Infrastructure	81,395,192	699,035		57,632	82,151,859
Total other capital assets	<u>127,493,158</u>	<u>5,049,903</u>	<u>404,919</u>	<u>2,452,373</u>	<u>134,590,515</u>
Total capital assets	<u>135,964,705</u>	<u>7,254,425</u>	<u>404,919</u>	<u>0</u>	<u>142,814,211</u>
Accumulated depreciation:					
Buildings	6,207,441	936,861			7,144,302
Land and building improvements	1,484,467	332,255			1,816,722
Other equipment	7,458,562	1,452,308			8,910,870
Transportation equipment	3,611,495	574,934	404,919		3,781,510
Furniture and fixtures	185,789	136,759			322,548
Computers and peripherals	366,406	31,087			397,493
Infrastructure	60,156,546	2,620,329			62,776,875
Total accumulated depreciation	<u>79,470,706</u>	<u>6,084,533</u>	<u>404,919</u>	<u>0</u>	<u>85,150,320</u>
Governmental activities capital assets, net	<u>\$ 56,493,999</u>	<u>\$ 1,169,892</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,663,891</u>
Governmental activities depreciation expense					
General government			\$ 1,078,482		
Public safety			1,926,056		
Public works			2,867,978		
Culture and recreation			187,106		
Housing and development			24,911		
Total governmental activities depreciation expense			<u>\$ 6,084,533</u>		

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

	Balance 7/1/2008	Additions	Deductions	Balance 6/30/2009
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 1,366,918			\$ 1,366,918
Construction in progress	1,469,264	\$ 103,439	\$	1,572,703
Total capital assets not being depreciated	<u>2,836,182</u>	<u>103,439</u>	<u>0</u>	<u>2,939,621</u>
Other capital assets:				
Water wells	81,991			81,991
Water system and lines	9,189,255			9,189,255
Sewer system and lines	12,699,619			12,699,619
Waste water treatment plant	16,595,226			16,595,226
Waste water equipment	1,791,003			1,791,003
Transportation equipment	24,495	40,982		65,477
Computer equipment and software	13,707			13,707
Total other capital assets	<u>40,395,296</u>	<u>40,982</u>	<u></u>	<u>40,436,278</u>
Total capital assets	<u>43,231,478</u>	<u>144,421</u>	<u>0</u>	<u>43,375,899</u>
Less accumulated depreciation:				
Water wells	41,964	2,658		44,622
Water system and lines	389,209	197,131		586,340
Sewer system and lines	199,231	317,490		516,721
Waste water treatment plant	813,702	413,276		1,226,978
Waste water equipment	364,728	182,364		547,092
Transportation equipment	4,899	4,899		9,798
Computer equipment and software	12,335	2,741		15,076
Total accumulated depreciation	<u>1,826,068</u>	<u>1,120,559</u>	<u></u>	<u>2,946,627</u>
Business-type activity capital assets, net	<u>\$ 41,405,410</u>	<u>\$ (976,138)</u>	<u>\$ 0</u>	<u>\$ 40,429,272</u>
	Balance 7/1/2008	Additions	Deductions	Balance 6/30/2009
Component unit:				
Machinery and equipment	\$ 246,850	\$ 12,433	\$	\$ 259,283
Less accumulated depreciation	<u>213,376</u>	<u>19,202</u>	<u></u>	<u>232,578</u>
Component unit capital assets, net	<u>\$ 33,474</u>	<u>\$ (6,769)</u>	<u>\$ 0</u>	<u>\$ 26,705</u>

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Interfund Balances and Transfers

Interfund balances at June 30, 2009, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Payable from:	Payable to:				Total
	General Fund	SPLOST Fund	Non-major Governmental Funds	Water Fund	
General Fund			\$ 5		\$ 5
SPLOST Fund	\$ 431,299				431,299
Non-major Governmental Fund	297,038	385,834	226,492		909,364
Water Fund	5,727,120				5,727,120
Sewer Fund	729,851			2,303,669	3,033,520
Sanitation Fund	1,083				1,083
Total	\$ 0	\$ 7,186,391	\$ 385,834	\$ 2,303,669	\$ 10,102,391

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. The SPLOT fund transferred \$8,521 to the Water fund for asset acquisition. The Wireless Emergency 911 fund transferred \$258,100 to the Emergency 911 fund to subsidize qualified operating expenses incurred by the Emergency 911 fund.

3-F. Long Term Debt

Governmental Activities

Capital Leases - The County has entered into capital leases for various pieces of property and equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Capital lease payable to Emergency One in equal annual payments of approximately \$63,787 through December, 2011 including interest at 3.86%. This lease was used to purchase two (2) pumper trucks for the fire departments with a cost of \$544,030. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$110,104 (cost of \$544,030 less accumulated depreciation of \$433,926). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 56,936	\$ 6,851	\$ 63,787
2011	59,134	4,653	63,787
2012	61,417	2,370	63,787
Total	<u>\$ 177,487</u>	<u>\$ 13,874</u>	<u>\$ 191,361</u>

Capital lease payable to Emergency One in equal annual payments of approximately \$38,914 through February, 2012 including interest at 3.86%. This lease was used to purchase two (2) tanker trucks for the fire departments with a cost of \$369,524. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$83,580 (cost of \$369,524 less accumulated depreciation of \$285,944). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 34,735	\$ 4,179	\$ 38,914
2011	36,075	2,839	38,914
2012	37,468	1,446	38,914
Total	<u>\$ 108,278</u>	<u>\$ 8,464</u>	<u>\$ 116,742</u>

Capital lease payable to E-One, Inc. in equal annual payments of approximately \$43,814 through February, 2013 including interest at 5.07%. This lease was used to purchase a pumper truck for the fire department with a cost of \$284,752. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$108,476 (cost of \$284,752 less accumulated depreciation of \$176,276). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 35,949	\$ 7,865	\$ 43,814
2011	37,772	6,042	43,814
2012	39,687	4,127	43,814
2013	41,700	2,114	43,814
Total	<u>\$ 155,108</u>	<u>\$ 20,148</u>	<u>\$ 175,256</u>

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Capital lease payable to E-One, Inc. in equal annual payments of approximately \$30,870 through February, 2013 including interest at 5.07%. This lease was used to purchase a tanker truck for the fire department with a cost of \$199,561. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$80,773 (cost of \$199,561 less accumulated depreciation of \$118,788). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 25,329	\$ 5,541	\$ 30,870
2011	26,613	4,257	30,870
2012	27,962	2,908	30,870
2013	29,381	1,489	30,870
Total	<u>\$ 109,285</u>	<u>\$ 14,195</u>	<u>\$ 123,480</u>

Capital lease payable to E-One, Inc. in equal annual payments of approximately \$37,107 through February, 2013 including interest at 5.07%. This lease was used to purchase a tanker truck for the fire department with a cost of \$241,903. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$92,152 (cost of \$241,903 less accumulated depreciation of \$149,751). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 30,277	\$ 6,830	\$ 37,107
2011	31,812	5,295	37,107
2012	33,424	3,683	37,107
2013	39,204	1,988	41,192
Total	<u>\$ 134,717</u>	<u>\$ 17,796</u>	<u>\$ 152,513</u>

Capital lease payable to Kansas State Bank in equal annual payments of approximately \$20,797 through May, 2010 including interest at 5.39%. This lease was used to purchase an ambulance for the emergency medical service department with a cost of \$92,083. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$57,553 (cost of \$92,083 less accumulated depreciation of \$34,530). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	<u>\$ 19,652</u>	<u>\$ 1,145</u>	<u>\$ 20,797</u>

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Capital lease payable to E-One, Inc. in equal annual payments of approximately \$46,623 through August, 2014 including interest at 5.38%. This lease was used to purchase a rescue pumper truck for the fire department with a cost of \$296,758. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$176,642 (cost of \$296,758 less accumulated depreciation of \$120,116). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 34,045	\$ 12,578	\$ 46,623
2011	35,876	10,747	46,623
2012	37,806	8,817	46,623
2013	39,840	6,783	46,623
2014	41,984	4,639	46,623
2015	44,243	2,380	46,623
Total	<u>\$ 233,794</u>	<u>\$ 45,944</u>	<u>\$ 279,738</u>

Capital lease payable to E-One, Inc. in equal annual payments of approximately \$40,156 through November, 2014 including interest at 5.36%. This lease was used to purchase a rescue pumper truck for the fire department with a cost of \$255,802. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$161,399 (cost of \$255,802 less accumulated depreciation of \$94,403). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 29,356	\$ 10,800	\$ 40,156
2011	30,929	9,227	40,156
2012	32,587	7,569	40,156
2013	34,333	5,823	40,156
2014	36,175	3,981	40,156
2015	38,074	2,082	40,156
Total	<u>\$ 201,454</u>	<u>\$ 39,482</u>	<u>\$ 240,936</u>

Capital lease payable to CitiCapital in equal annual payments of approximately \$40,156 through July, 2011 including interest at 4.495%. This lease was used to purchase ballpark lighting for the recreation department with a cost of \$408,680. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$460,246 (cost of \$480,680 less accumulated depreciation of \$20,434). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Year	Principal	Interest	Total
2011	\$ 42,951	\$ 3,949	\$ 46,900
2012	44,882	2,018	46,900
Total	<u>\$ 87,833</u>	<u>\$ 5,967</u>	<u>\$ 93,800</u>

Capital lease payable to Branch Banking and Trust Company in equal monthly payments of approximately \$8,976 through February, 2011 including interest at 2.71%. This lease was used to purchase 3 ambulances for the emergency medical services department with a total cost of \$321,390. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$230,328 (cost of \$321,390 less accumulated depreciation of \$91,062). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 104,244	\$ 3,464	\$ 107,708
2011	71,081	724	71,805
Total	<u>\$ 175,325</u>	<u>\$ 4,188</u>	<u>\$ 179,513</u>

Capital lease payable to Branch Banking and Trust Company in equal monthly payments of approximately \$9,252 through September, 2013 including interest at 3.31%. This lease was used to purchase equipment for the public works department with a total cost of \$510,967. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$451,124 (cost of \$511,967 less accumulated depreciation of \$59,843). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 97,950	\$ 13,074	\$ 111,024
2011	101,242	9,782	111,024
2012	104,644	6,380	111,024
2013	108,161	2,863	111,024
2014	27,603	153	27,756
Total	<u>\$ 439,600</u>	<u>\$ 32,252</u>	<u>\$ 471,852</u>

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Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Capital lease payable to Motorola, Inc. in equal annual payments of approximately \$142,791 through October, 2018 including interest at 3.59%. This lease was used to E-911 equipment for the with a total cost of \$1,224,471. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$1,183,655 (cost of \$1,224,471 less accumulated depreciation of \$40,816). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 100,351	\$ 42,440	\$ 142,791
2011	103,953	38,838	142,791
2012	107,686	35,105	142,791
2013	111,552	31,239	142,791
2014	115,557	27,234	142,791
2015	119,705	23,086	142,791
2016	124,002	18,789	142,791
2017	128,454	14,337	142,791
2018	133,066	9,725	142,791
2019	137,843	4,948	142,791
Total	<u>\$ 1,182,169</u>	<u>\$ 245,741</u>	<u>\$ 1,427,910</u>

Business-type Activities

Notes Payable to Georgia Environmental Facilities Authority - During the current year the County issued notes to the Georgia Environmental Facilities Authority for the construction of a water distribution system and a waste water collection system and treatment facility.

Contract 2003-L35WS was issued in the amount of \$3,000,000 for the construction of a water distribution system. The total principal amount drawn including capitalized accrued interest was \$3,030,042. The interest rate on the note is 3.73%. Repayment of the note is in equal monthly installments of \$18,141 beginning January 1, 2005 and ending on February 1, 2025. Annual debt service requirements to amortize this note as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 123,580	\$ 94,115	\$ 217,695
2011	128,269	89,426	217,695
2012	132,905	84,790	217,695
2013	138,179	79,516	217,695
2014	143,422	74,273	217,695
2015-2019	802,799	285,676	1,088,475
2020-2024	967,164	121,311	1,088,475
2025	142,968	2,015	144,983
Total	<u>\$ 2,579,286</u>	<u>\$ 831,122</u>	<u>\$ 3,410,408</u>

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Contract CWSRF 03-003 was issued in the amount of \$16,000,000 for the construction of a waste water collection/distribution system and a waste water treatment facility. The total principal amount drawn including capitalized accrued interest was \$17,418,086. The interest rate on the note is 3.00%. Repayment of the note is in equal monthly installments of \$96,600 through April, 2028. Annual debt service requirements to amortize this note as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 668,476	\$ 490,727	\$ 1,159,203
2011	688,808	470,395	1,159,203
2012	709,759	449,444	1,159,203
2013	731,347	427,856	1,159,203
2014	753,592	405,611	1,159,203
2015-2019	4,126,043	1,669,974	5,796,017
2020-2024	4,792,881	1,003,136	5,796,017
2025-2028	4,191,399	1,411,417	5,602,816
Total	<u>\$ 16,662,305</u>	<u>\$ 6,328,560</u>	<u>\$ 22,990,865</u>

Contract CWSRF 04-007 was issued in the amount of \$15,800,000 for the expansion of the sewer collection system and the expansion of the reclaimed water distribution system. Draws are made on the note as the funds are expended. During the current year, the lender cancelled the remainder of the loan commitment and began amortizing the loan. The total amount of the including capitalized accrued interest was \$10,450,900. Payments are due in equal monthly installments of \$57,960, including interest at 3.00% through February 1, 2029. Annual debt service requirements to amortize this note as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 391,210	\$ 304,315	\$ 695,525
2011	403,109	292,416	695,525
2012	414,920	280,605	695,525
2013	428,432	267,093	695,525
2014	441,021	254,504	695,525
2015-2019	2,414,641	1,062,985	3,477,626
2020-2024	2,804,728	672,898	3,477,626
2015-2029	3,023,578	222,207	3,245,785
Total	<u>\$ 10,321,639</u>	<u>\$ 3,357,023</u>	<u>\$ 13,678,662</u>

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Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Contract 2005-L01-WS was issued in the amount of \$6,550,000 for the construction water mains for multiple developments in the county. Draws are made on the note as the funds are expended. Draws are made on the note as the funds are expended. During the current year, the lender cancelled the remainder of the loan commitment and began amortizing the loan. The total amount of the including capitalized accrued interest was \$4,712,609. Payments are due in equal monthly installments of \$29,057, including interest at 4.00% through February 1, 2029. Annual debt service requirements to amortize this note as of June 30, 2009 follow:

Year	Principal	Interest	Total
2010	\$ 155,876	\$ 192,803	\$ 348,679
2011	162,550	186,129	348,679
2012	169,221	179,458	348,679
2013	177,042	171,637	348,679
2014	184,336	164,343	348,679
2015-2019	1,047,039	696,355	1,743,394
2020-2024	1,291,126	452,268	1,743,394
2015-2029	1,474,206	152,962	1,627,168
Total	<u>\$ 4,661,396</u>	<u>\$ 2,195,955</u>	<u>\$ 6,857,351</u>

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2009:

	Outstanding 7/1/2008	Additions	Reductions	Outstanding 6/30/2009	Amounts Due in One Year
Governmental Activities					
Capital leases	\$ 2,283,760	\$ 1,693,136	\$ 952,194	\$ 3,024,702	\$ 611,775
Landfill closure and post-closure care	1,462,076	21,932		1,484,008	
Compensated absences	687,943	89,742		777,685	466,611
Total Governmental Activities	<u>\$ 4,433,779</u>	<u>\$ 1,804,810</u>	<u>\$ 952,194</u>	<u>\$ 5,286,395</u>	<u>\$ 1,078,386</u>
Business-type activities					
Notes payable	<u>\$ 33,805,463</u>	<u>\$ 1,368,390</u>	<u>\$ 949,227</u>	<u>\$ 34,224,626</u>	<u>\$ 1,339,142</u>
Component Unit:					
Compensated absences	<u>\$ 37,346</u>	<u>\$ _____</u>	<u>\$ 5,057</u>	<u>\$ 32,289</u>	<u>\$ 6,458</u>

The notes payable and the landfill closure and post-closure care liability of the County's governmental funds will be financed through future general fund expendable available financial sources as they become due. The capital lease to Association County Commissioners of Georgia will be repaid by the County's SPLOST capital projects fund. The capital lease for the three ambulances will be repaid with general fund expendable available financial resources. The capital leases for fire department equipment will be repaid with fire district fund expendable available resources.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

The notes payable of the County's business type activities will be repaid from user fees from the related activities.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. Generally, the compensated absences liability has been liquidated by the general fund in the prior year. The capital lease obligations will be paid from the debt service fund.

3-G. Landfill Closure and Post-closure Care Costs

The landfill has been closed and no longer accepts solid waste, however has not received certification from the Environmental Protection Division. An expense provision and related liability are being recognized based on the estimated future closure and post-closure care costs that are expected to be incurred. The estimated total current cost of the landfill closure and post-closure care of \$1,484,008 is based on present value of the amount that would be paid if all equipment, facilities, and services necessary to close the landfill and monitor the landfill were acquired as of June 30, 2009. However, the actual cost may vary due to inflation or deflation, changes in technology or changes in landfill laws and regulations. The landfill has been closed for several years.

Under the agreement with federal and state authorities, the County, in order to assure that adequate resources are available to finance the landfill closure and post-closure costs, designates a portion of fund balance annually in an amount equal to the provision for the landfill closure and post-closure care costs. However, unanticipated future inflation costs and additional costs that might arise from changes in the closure and post-closure requirements due to changes in technology and regulatory standards may have to be covered by increased landfill user fees, additional taxes or both.

3-H. Pensions

3-H-1 - Defined Benefit Plan

Plan Description - The County's defined benefit pension plan, the Association County Commissioners of Georgia Restated Plan for Effingham County Employees (the Plan), provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by the County Commission. The Plan is affiliated with the Association County Commissioners of Georgia Second Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by the Pension Service Company as provided by OCGA 47-5-1.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement which defines the specific provisions of the plan as provided in Section 19.02 of the ACCG Plan document. The ACCG issues a publicly available financial report for the Plan that includes financial statements and required supplementary information. That report may be obtained by writing to Pension Services Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, Georgia 30339.

Funding Policy - The Plan members are not required to contribute to the Plan. The County is required to contribute at an actuarially determined rate determined annually. The contribution requirements of the County are established and may be amended by the ACCG Plan trustees.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Annual Pension Cost - The required contribution was determined as part of the January 1, 2006 actuarial valuation for the Plan using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% per year investment rate of return (net of investment expenses) and (b) projected salary increases for inflation of 6.0% per year and increases for merit or seniority of 0.5% per year. The actuarial value of net assets is determined by a roll forward of prior year actuarial values combined with contributions, disbursements and expected return on investments, plus 10% of investment gains (losses) during the prior ten years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 15 years and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These periods, if applicable, are closed for this plan year.

Schedule of Funding Progress

(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	Overfunded (Unfunded) AAL/(UAAL) (2)-(1)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/06	\$ 1,373,367	\$ 1,135,318	120.97%	\$ (238,049)	N/A	N/A
12/31/07	2,114,362	2,631,204	80.36%	516,842	\$ 8,561,302	6.04%
12/31/08	2,770,635	2,881,596	96.15%	110,961	8,872,503	1.25%

Schedule of Employer Contributions

Year Beginning	Annual Required Contribution	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
01/01/06	\$ 1,000	\$ 1,000	100.00%	0
01/01/07	116,060	454,614	391.71%	0
01/01/08	93,524	527,846	564.40%	0

Plan Termination - Effective November 30, 2000, the County froze the plan. No additional employees are eligible to participate in the plan unless they were members of the plan as of January 2, 2000. Accruals under the plan formula in Section (a) of the ACCG plan ceased as of November 30, 2000 and all participants became 100% vested in their accrued benefit as of November 30, 2000.

All active plan participants who were not within seven years of normal retirement as of November 30, 2000, had the actuarial equivalent present value of their accrued benefit transferred to the Effingham County defined contribution plan as of December 1, 2000. These participants shall have no further rights under this plan.

Active plan participants who were within seven years of normal retirement age as of November 30, 2000 had the following options:

Elect to receive an annuity, payable at age 65, that was the equivalent to the value of the frozen accrued benefit as of November 30, 2000 under the plan;

Elect to transfer the actuarial equivalent present value of the accrued benefit as of November 30, 2000 to the Effingham County defined contribution plan as of December 1, 2000. The participants have no further rights under the plan.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

All remaining assets after the transfer of amounts to the Effingham County contribution plan and the purchase of annuities for those participants above who elected the annuity option shall remain under the ACCG pension trust for the purpose of paying current and future retirement benefits.

Plan re-instatement - In March, 2006, the Board of Commissioners elected by resolution to amend and reinstate the Plan by adopting the updated ACCG Plan and Trust for the benefit of eligible employees as of April 4, 2006. Under the amended plan the plan entry date is employment commencement or April 4, 2006, whichever is earlier. Employees are required to contribute 3% of compensation to the Plan to participate, which earns a fixed rate of return of 5%. Employees become fully vested under the Plan after 5 years of service, with no vesting prior to 5 years of service. Past credited service includes all service of the employee subsequent to January 1, 2001.

3-H-2 - Defined Contribution Plans

The County has adopted a proto-type 401(a) Defined Contribution Plan for Employees of Effingham County (the 401a Plan) and a proto-type 457 Deferred Compensation Plan for Effingham County (the 457 Plan). 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 proto-type document. The Plan covers substantially all employees who meet the minimum years of service requirements. The County contributes 3% of compensation to the plans and matches one-half of the employee's contribution up to an additional 3% of compensation. The total costs for the 401(a) Plan and the 457 Plan for the year ended June 30, 2009 was \$430,716. Total employee contributions to the plans for the year ended June 30, 2009 was \$359,219.

3-I. Investment in Capital Assets, Net of Related Debt

Net assets on the Government-wide statement of net assets as of June 30, 2009 are as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	\$ 142,814,211	\$ 43,375,899
Less accumulated depreciation	85,150,320	2,946,627
Book value	57,663,891	40,429,272
Less capital related debt:		
Notes payable and capital leases	3,024,702	34,224,626
Total capital related debt	3,024,702	34,224,626
Investment in capital assets, net of related debt	\$ 54,639,189	\$ 6,204,646

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 4 - Other Notes

4-A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions; and workers compensation for which the County carries the following insurance coverage.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

The County joined with other counties in the state as part of the Association County Commissioners of Georgia - Interlocal Risk Management Agency (IRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the County's management based on the anticipated needs. The County is required to pay all premiums, applicable deductibles and assessments billed by IRMA, as well as following loss reduction and prevention procedures established by IRMA. IRMA's responsibility includes paying claims, and representing the County in defense and settlement of claims. IRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The County has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims which the County is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2009. No provisions have been made in the financial statements for the year ended June 30, 2009 for any estimate of potential unpaid claims.

The County has elected to be a member of the ACCG Group Self Insurance Workers' Compensation Fund (the Fund). As a participant in the Fund, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

4-B. Contingent Liabilities

Hospital Authority – The County entered into a contract with the Hospital Authority of Effingham County to provide, as may be necessary, funds for construction and maintenance of additional facilities by the Hospital Authority. The County also has contingent obligations for maintaining sinking fund and reserve requirements of revenue bonds issued by the Hospital Authority.

To meet its commitments under this contract, the County may, by Georgia law, levy additional ad valorem taxes up to 3 mills upon all taxable property in the County.

The current status of the bond sinking fund and debt services reserve are disclosed in the notes to the financial statements of the Effingham County Hospital Authority for the fiscal year ended June 30, 2009.

State and Federal Grants - The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

Effingham County, Georgia
Notes to Basic Financial Statements
June 30, 2009

Note 4 - Other Notes (Continued)

Litigation - The County was a defendant in several lawsuits at June 30, 2009. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

4-C. Joint Ventures

Under Georgia law, the County in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Georgia Rural Development Center (RDC) and is required to pay annual dues thereto. Membership in an RDC is required by OCGA Section 5-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC board membership includes the chief elected official of each county or municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Coastal Georgia Regional Development Center, P. O. Box 2917, Brunswick, Georgia 31521.

Effingham County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Taxes	\$ 24,316,111	\$ 24,316,111	\$ 23,849,114	\$ (466,997)
Licenses and permits	313,364	313,364	269,082	(44,282)
Intergovernmental	2,361,727	2,395,727	2,258,964	(136,763)
Charges for services	2,079,293	2,079,293	2,367,397	288,104
Fines and forfeitures	1,136,730	1,136,730	1,085,313	(51,417)
Investment earnings	400,000	400,000	231,558	(168,442)
Miscellaneous	66,000	66,000	164,839	98,839
Total revenues	<u>30,673,225</u>	<u>30,707,225</u>	<u>30,226,267</u>	<u>(480,958)</u>
Expenditures				
Current expenditures				
General government				
Commissioners' office	365,944	365,944	336,023	29,921
Registrar	278,265	293,765	288,932	4,833
Financial administration	1,939,622	1,446,449	1,315,272	131,177
Information Technology	658,180	658,180	561,531	96,649
Tax commissioner	779,551	779,551	629,362	150,189
Tax assessor	898,018	898,018	755,031	142,987
Government buildings	669,769	769,769	743,867	25,902
	<u>5,589,349</u>	<u>5,211,676</u>	<u>4,630,018</u>	<u>581,658</u>
Judicial				
Superior court clerk	598,259	598,259	556,716	41,543
Superior court	444,454	444,454	411,091	33,363
District attorney's office	310,594	310,594	310,538	56
State court	283,153	287,279	277,034	10,245
Solicitor	231,586	231,586	227,278	4,308
Chief magistrate	340,529	340,529	303,433	37,096
Probate court	242,585	254,350	253,298	1,052
Total judicial	<u>2,451,160</u>	<u>2,467,051</u>	<u>2,339,388</u>	<u>127,663</u>
Public safety				
Civil defense/emergency management	295,266	295,266	235,020	60,246
Office of sheriff	5,765,515	5,765,515	5,727,990	37,525
Jail	1,642,474	1,717,474	1,679,088	38,386
Correctional institute	3,574,578	3,574,578	3,143,914	430,664
Inmate medical	325,668	395,668	382,520	13,148
Adult probation and parole	208,639	208,639	195,366	13,273
Emergency medical services	2,372,573	2,372,573	2,189,427	183,146
Coroner	48,570	48,570	38,021	10,549
Animal control	282,305	282,305	260,258	22,047
Total public safety	<u>14,515,588</u>	<u>14,660,588</u>	<u>13,851,604</u>	<u>808,984</u>

Effingham County, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public works - highways and streets	3,577,604	3,577,604	3,032,860	544,744
Health and welfare				
Department of Family and Children Services	82,391	82,391	69,067	13,324
Summer food program	18,913	18,913	14,577	4,336
Family connection grant	63,078	97,078	91,964	5,114
Senior citizens	397,809	411,759	385,941	25,818
Total health and welfare	<u>562,191</u>	<u>610,141</u>	<u>561,549</u>	<u>48,592</u>
Culture and recreation	<u>1,342,005</u>	<u>1,342,005</u>	<u>1,284,799</u>	<u>57,206</u>
Housing and development				
Extension Service - County Agent	144,933	347,765	343,394	4,371
Conservation - Forestry	21,185	21,185	14,037	7,148
Building inspections	497,186	497,186	415,735	81,451
Zoning	733,231	733,231	460,789	272,442
GIS	447,688	447,688	207,614	240,074
Total housing and development	<u>1,844,223</u>	<u>2,047,055</u>	<u>1,441,569</u>	<u>605,486</u>
Other agencies	<u>791,105</u>	<u>791,105</u>	<u>753,489</u>	<u>37,616</u>
Total expenditures	<u>30,673,225</u>	<u>30,707,225</u>	<u>27,895,276</u>	<u>2,811,949</u>
Excess of revenues over expenditures	0	0	2,330,991	2,330,991
Other financing sources				
Proceeds from sales of surplus	<u>0</u>	<u>0</u>	<u>15,127</u>	<u>15,127</u>
Net change in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	2,346,118	<u>\$ 2,346,118</u>
Fund balance				
Beginning of year			<u>22,857,721</u>	
End of year			<u>\$ 25,203,839</u>	

Effingham County, Georgia
Notes to the Required Supplementary Information
For the Year Ended June 30, 2009

Note 1 - Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund, each capital projects fund and the debt service fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The County Administrator may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the County Commissioners. During the year, the County Commission approved three budget revisions.

All unexpended annual appropriations lapse at year-end.

General fund payments in the amount of \$753,489 are reported as "payments to other agencies" on the budgetary basis but are classified within functions on the GAAP basis. On the budgetary basis, debt service expenditures (i.e., \$128,702) are budgeted within the functions but are reported as separate character classifications on the GAAP basis.

Effingham County, Georgia
Combining Balance Sheet - By Fund Type
Non-major Governmental Funds
June 30, 2009

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 5,480,203	\$ 155	\$ 5,480,358
Receivables:			
Accounts	80,372		80,372
Interfund	226,492	5	226,497
Prepaid items	7,853		7,853
Total Assets	\$ 5,794,920	\$ 160	\$ 5,795,080
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 206,745		\$ 206,745
Accrued expenditures	34,239		34,239
Interfund payable	909,364		909,364
Total liabilities	1,150,348	\$ 0	1,150,348
Fund balances			
Reserved for:			
Debt service		160	160
Prepaid items	7,853		7,853
Program purposes - capital	33,463		33,463
Program purposes	4,603,256		4,603,256
Total fund balances	4,644,572	160	4,644,732
Total liabilities and fund balances	\$ 5,794,920	\$ 160	\$ 5,795,080

Effingham County, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - By Fund Type
Non-major Governmental Funds
For the Year Ended June 30, 2009

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Total Non-major Governmental Funds
Revenues			
Insurance premium tax	\$ 1,512,603		\$ 1,512,603
Intergovernmental	38,595		\$ 38,595
Charges for services	1,512,563		1,512,563
Fines and forfeitures	52,034		52,034
Investment earnings	37,750	\$ 1	37,751
Total revenues	<u>3,153,545</u>	<u>1</u>	<u>3,153,546</u>
Expenditures			
Current			
General government	328,000		328,000
Public safety	3,571,947		3,571,947
Road projects	413,265		413,265
Debt service			
Principal retirement	719,694		719,694
Interest and fiscal charges	88,540		88,540
Total expenditures	<u>5,121,446</u>	<u>0</u>	<u>5,121,446</u>
Excess (deficit) of revenues over expenditures	(1,967,901)	1	(1,967,900)
Other financing sources			
Proceeds from capital leases	1,182,169		1,182,169
Net change in fund balances	(785,732)	1	(785,731)
Fund balances beginning of year	<u>5,430,304</u>	<u>159</u>	<u>5,430,463</u>
Fund balances end of year	<u>\$ 4,644,572</u>	<u>\$ 160</u>	<u>\$ 4,644,732</u>

Effingham County, Georgia
General Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 17,163,611	\$ 19,437,573
Restricted cash	149,347	154,928
Receivables:		
Accounts	547,164	685,600
Property taxes	1,213,640	841,999
Sales taxes	501,830	1,465,852
Interfund	7,186,391	2,205,402
Inventories		34,232
Prepaid items	748,039	194,999
Total assets	\$ 27,510,022	\$ 25,020,585
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 670,120	\$ 797,873
Accrued expenditures	528,504	554,650
Performance bonds	67,430	67,302
Interfund balances	5	
Deferred revenue	1,040,124	743,039
Total Liabilities	2,306,183	2,162,864
Fund balances		
Reserved for:		
Restricted assets	81,917	87,626
Prepaid items	748,039	194,999
Unreserved, designated		
Landfill closure	1,484,008	1,462,076
Operations	4,200,000	4,200,000
Unreserved, undesignated	18,689,875	16,913,020
Total fund balances	25,203,839	22,857,721
Total liabilities and fund balances	\$ 27,510,022	\$ 25,020,585

Effingham County, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Property taxes	\$ 16,412,535	\$ 15,848,770
Sales taxes	6,834,153	7,481,754
Other taxes	602,426	673,461
Licenses and permits	269,082	341,674
Intergovernmental	2,258,964	2,716,644
Charges for services	2,367,397	2,151,479
Fines and forfeitures	1,085,313	1,116,139
Investment earnings	231,558	604,767
Other revenues	164,839	335,472
Total revenues	<u>30,226,267</u>	<u>31,270,160</u>
Expenditures		
Current:		
General government:		
Commissioners' office	336,023	296,891
Registrar	288,932	173,762
Financial administration	1,315,272	1,145,370
Information Technology	561,531	305,837
Tax commissioner	629,362	618,976
Tax assessor	755,031	668,437
Government buildings	743,867	599,772
Total general government	<u>4,630,018</u>	<u>3,809,045</u>
Judicial		
Superior court clerk	556,716	528,091
Superior court	411,091	395,892
District attorney's office	310,538	290,374
State court	277,034	265,398
Solicitor	227,278	225,043
Chief magistrate	303,433	301,518
Probate court	253,298	308,404
Total judicial	<u>2,339,388</u>	<u>2,314,720</u>
Public safety		
Civil defense/emergency management	235,020	151,085
Office of sheriff	5,727,990	5,246,538
Jail	1,679,088	1,451,558
Correctional institute	3,143,914	3,023,207
Inmate medical	382,520	403,895
Adult probation and parole	195,366	176,462
Emergency medical services	2,060,725	2,023,206
Coroner	38,021	41,144
Animal control	260,258	260,653
Total public safety	<u>13,722,902</u>	<u>12,777,748</u>

Effingham County, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Public works - highways and streets	3,032,860	2,675,198
Health and welfare		
Department of Family and Children Services	69,067	70,364
Summer food program	14,577	14,520
Family connection grant	91,964	84,017
Senior citizens	385,941	323,781
Other agencies	402,433	411,628
Total health and welfare	<u>963,982</u>	<u>904,310</u>
Culture and recreation		
Recreation	1,284,799	1,226,874
Other agencies	343,056	346,056
	<u>1,627,855</u>	<u>1,572,930</u>
Housing and development		
Extension Service - County Agent	343,394	214,659
Conservation - Forestry	14,037	14,185
Building inspections	415,735	431,065
Zoning	460,789	812,186
GIS	207,614	
Other agencies	8,000	8,500
Total housing and development	<u>1,449,569</u>	<u>1,480,595</u>
Debt Service:		
Principal retirement	120,030	495,937
Interest and fiscal charges	8,672	20,001
Total debt service	<u>128,702</u>	<u>515,938</u>
Total expenditures	<u>27,895,276</u>	<u>26,050,484</u>
Excess of revenues over expenditures	<u>2,330,991</u>	<u>5,219,676</u>
Other financing sources		
Proceeds from capital leases		310,000
Proceeds from sales of surplus	15,127	4,205
Total other financing sources	<u>15,127</u>	<u>314,205</u>
Net change in fund balances	2,346,118	5,533,881
Fund balances beginning of year	<u>22,857,721</u>	<u>17,323,840</u>
Fund balances end of year	<u>\$ 25,203,839</u>	<u>\$ 22,857,721</u>

Effingham County, Georgia
 Combining Balance Sheet
 Non-major Special Revenue Funds
 June 30, 2009

	Community Trust	State Condemnation	Drug Seizure	Drug Abuse & Treatment Education	Emergency 911	Wireless Emergency 911	Education	County Jail	Fire Taxing District	Impact Fees	Juvenile Services	Total Nonmajor Special Revenue Funds
Assets												
Cash and cash equivalents	\$ 4	\$ 48,803	\$ 1,962	\$ 141,279	\$ 55,290	\$ 462,743	\$ 39,417	\$ 293,120	\$ 2,279,813	\$ 2,145,034	\$ 12,738	\$ 5,480,203
Receivables:												
Accounts					61,419	18,774			179			80,372
Interfund					226,492							226,492
Prepaid items					3,474				4,379			7,853
Total assets	\$ 4	\$ 48,803	\$ 1,962	\$ 141,279	\$ 346,675	\$ 481,517	\$ 39,417	\$ 293,120	\$ 2,284,371	\$ 2,145,034	\$ 12,738	\$ 5,794,920
Liabilities and fund balances												
Liabilities												
Accounts payable		964		\$ 838	\$ 6,405	\$ 7,613			\$ 113,565	\$ 77,360		\$ 206,745
Accrued expenditures					14,548				19,691			34,239
Interfund payable					322,155	226,492			32,200	328,000	517	909,364
Total liabilities	\$ 0	\$ 964	\$ 0	\$ 838	\$ 343,108	\$ 234,105	\$ 0	\$ 0	\$ 165,456	\$ 405,360	\$ 517	\$ 1,150,348
Fund balances												
Reserved for:												
Prepaid items					3,474				4,379			7,853
Program purposes - capital									33,463			33,463
Program purposes	4	47,839	1,962	140,441	93	247,412	39,417	293,120	2,081,073	1,739,674	12,221	4,603,256
Total fund balances	4	47,839	1,962	140,441	3,567	247,412	39,417	293,120	2,118,915	1,739,674	12,221	4,644,572
Total liabilities and fund balances	\$ 4	\$ 48,803	\$ 1,962	\$ 141,279	\$ 346,675	\$ 481,517	\$ 39,417	\$ 293,120	\$ 2,284,371	\$ 2,145,034	\$ 12,738	\$ 5,794,920

Effingham County, Georgia
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Special Revenue Funds
 For the Year Ended June 30, 2009

	Community Trust	State Condemnation	Drug Seizure	Drug Abuse & Treatment Education	Emergency 911	Wireless Emergency 911	Education	County Jail	Fire Taxing District	Impact Fees	Juvenile Services	Total Nonmajor Special Revenue Funds
Revenues												
Insurance premium taxes		\$ 9,677	\$ 270	\$ 21,848	\$ 537,630	\$ 108,392		\$ 52,034	\$ 1,512,603	\$ 319,763	\$ 4,348	\$ 1,512,603
Intergovernmental									6,800			38,595
Charges for services									542,430			1,512,563
Fines and forfeitures		373	11	985	450	2,386	\$ 235		16,015	15,756	51	37,750
Investment earnings		10,050	281	22,833	538,080	110,778	235	53,522	2,077,848	335,519	4,399	3,153,545
Total revenues	\$ 0	\$ 10,050	\$ 281	\$ 22,833	\$ 538,080	\$ 110,778	\$ 235	\$ 53,522	\$ 2,077,848	\$ 335,519	\$ 4,399	\$ 3,153,545
Expenditures												
Current:												
General government									1,503,296	328,000		328,000
Public safety		44,795		48,442	1,945,504	29,910				413,265		3,571,947
Road projects												413,265
Debt service												
Principal retirement									719,694			719,694
Interest and fiscal charges									88,540			88,540
Total expenditures	0	44,795	0	48,442	1,945,504	29,910	0	0	2,311,530	741,265	0	5,121,446
Excess (deficit) of revenues over expenditures	0	(34,745)	281	(25,609)	(1,407,424)	80,868	235	53,522	(233,682)	(405,746)	4,399	(1,967,901)
Other financing sources												
Proceeds from capital leases					1,182,169							1,182,169
Interfund transfers					258,100	(258,100)						0
Total other financing sources	0	0	0	0	1,440,269	(258,100)	0	0	0	0	0	1,182,169
Net change in fund balances	0	(34,745)	281	(25,609)	32,845	(177,232)	235	53,522	(233,682)	(405,746)	4,399	(785,732)
Fund balances (deficit) Beginning of year	4	82,584	1,681	166,050	(29,278)	424,644	39,182	239,598	2,352,597	2,145,420	7,822	5,430,304
End of year	4	47,839	1,962	140,441	3,567	247,412	39,417	293,120	2,118,915	1,739,674	12,221	4,644,572

Effingham County, Georgia
Community Trust Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ <u>4</u>	\$ <u>4</u>
Liabilities and Fund Balance		
Fund Balance		
Reserved for program purposes	\$ <u>4</u>	\$ <u>4</u>
Total Liabilities and Fund Balance	\$ <u>4</u>	\$ <u>4</u>

Effingham County, Georgia
State Condemnation Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 48,803	\$ 33,376
Receivables		54,009
Prepaid expenses		4,500
Total Assets	\$ 48,803	\$ 91,885
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 964	\$ 9,301
Fund Balance		
Reserved for		
Prepaid items		4,500
Program purposes	47,839	78,084
Total fund balance	47,839	82,584
Total Liabilities and Fund Balance	\$ 48,803	\$ 91,885

Effingham County, Georgia
State Condemnation Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009			2008	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Intergovernmental	\$ 5,000	\$ 50,000	\$ 9,677	\$ (40,323)	\$ 82,485
Investment earnings			373	373	885
Total revenues	<u>5,000</u>	<u>50,000</u>	<u>10,050</u>	<u>(39,950)</u>	<u>83,370</u>
Expenditures					
Current:					
Public safety	<u>5,000</u>	<u>50,000</u>	<u>44,795</u>	<u>5,205</u>	<u>30,811</u>
Excess (deficit) of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	(34,745)	<u>\$ (45,155)</u>	52,559
Fund balance beginning of year			<u>82,584</u>		<u>30,025</u>
Fund balance end of year			<u>\$ 47,839</u>		<u>\$ 82,584</u>

Effingham County, Georgia
Drug Seizure Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ <u>1,962</u>	\$ <u>1,681</u>
Liabilities and Fund Balance		
Fund Balance		
Reserved for program purposes	\$ <u>1,962</u>	\$ <u>1,681</u>
Total liabilities and fund balance	\$ <u>1,962</u>	\$ <u>1,681</u>

Effingham County, Georgia
Drug Seizure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues					
Intergovernmental	\$ 5,000	\$ 12,000	\$ 270	\$ (11,730)	\$ 3,108
Investment earnings			11	11	142
Total revenues	<u>5,000</u>	<u>12,000</u>	<u>281</u>	<u>(11,719)</u>	<u>3,250</u>
Expenditures					
Public safety	<u>5,000</u>	<u>12,000</u>		<u>12,000</u>	<u>12,275</u>
Excess (deficit) of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	281	<u>\$ 281</u>	(9,025)
Fund balances beginning of year			<u>1,681</u>		<u>10,706</u>
Fund balances end of year			<u>\$ 1,962</u>		<u>\$ 1,681</u>

Effingham County, Georgia
Drug Abuse & Treatment Education Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 141,279	\$ 165,327
Receivables		1,010
Total Assets	\$ 141,279	\$ 166,337
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 838	\$ 287
Fund Balances		
Reserved for program purposes	140,441	166,050
Total Liabilities and Fund Balances	\$ 141,279	\$ 166,337

Effingham County, Georgia
Drug Abuse & Treatment Education Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues					
Intergovernmental	\$ 28,365	\$ 28,365	\$ 21,848	\$ (6,517)	\$ 25,438
Investment earnings	6,000	6,000	985	(5,015)	4,921
Total revenues	<u>34,365</u>	<u>34,365</u>	<u>22,833</u>	<u>(11,532)</u>	<u>30,359</u>
Expenditures					
Public safety	<u>54,365</u>	<u>54,365</u>	<u>48,442</u>	<u>5,923</u>	<u>13,884</u>
Excess (deficit) of revenues over expenditures	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(25,609)	<u>\$ (5,609)</u>	\$ 16,475
Fund balances beginning of year			<u>166,050</u>		<u>149,575</u>
Fund balances end of year			<u>\$ 140,441</u>		<u>\$ 166,050</u>

Effingham County, Georgia
Emergency 911 Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 55,290	
Receivables:		
Accounts	61,419	\$ 61,351
Interfund	226,492	
Prepaid items	3,474	6,248
Total assets	\$ 346,675	\$ 67,599
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,405	\$ 12,227
Accrued expenditures	14,548	15,936
Interfund payables	322,155	68,714
Total liabilities	343,108	96,877
Fund Balances		
Reserved for		
Prepaid items	3,474	6,248
Program purposes	93	(35,526)
Total fund balances	3,567	(29,278)
Total liabilities and fund balances	\$ 346,675	\$ 67,599

Effingham County, Georgia
Emergency 911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues					
Charges for services	\$ 471,000	\$ 471,000	\$ 537,630	\$ 66,630	\$ 510,723
Investment earnings	3,900	3,900	450	(3,450)	2,205
Total revenues	<u>474,900</u>	<u>474,900</u>	<u>538,080</u>	<u>63,180</u>	<u>512,928</u>
Expenditures					
Current					
Public safety	<u>668,831</u>	<u>1,968,831</u>	<u>1,945,504</u>	<u>23,327</u>	<u>587,806</u>
Excess (deficit) of revenues over expenditures	<u>(193,931)</u>	<u>\$ (1,493,931)</u>	<u>(1,407,424)</u>	<u>86,507</u>	<u>(74,878)</u>
Other financing sources					
Proceeds from capital leases		1,300,000	1,182,169	(117,831)	
Transfers in		258,100	258,100	0	
Total other financing sources	<u>0</u>	<u>1,558,100</u>	<u>1,440,269</u>	<u>(117,831)</u>	
Net change in fund balances	<u>\$ (193,931)</u>	<u>\$ 64,169</u>	32,845	<u>\$ (31,324)</u>	(74,878)
Fund balance (deficit) beginning of year			(29,278)		399,189
Reclassification to Wireless Emergency 911 fund					<u>(353,589)</u>
Fund deficit end of year			<u>\$ 3,567</u>		<u>\$ (29,278)</u>

**Effingham County, Georgia
Wireless Emergency 911 Fund
Comparative Balance Sheet
June 30, 2009 and 2008**

	2009	2008
Assets		
Cash and cash equivalents	\$ 462,743	\$ 379,767
Receivables:		
Accounts	18,774	21,747
Interfund		31,608
Total assets	\$ 481,517	\$ 433,122
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 7,613	\$ 8,478
Interfund	226,492	
Total liabilities	234,105	8,478
Fund Balances		
Reserved for program purposes	247,412	424,644
Total liabilities and fund balances	\$ 481,517	\$ 433,122

Effingham County, Georgia
Wireless Emergency 911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues					
Charges for services	\$ 79,000	\$ 79,000	\$ 108,392	\$ 29,392	\$ 97,977
Investment earnings	6,000	6,000	2,386	(3,614)	10,454
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>110,778</u>	<u>25,778</u>	<u>108,431</u>
Expenditures					
Current					
Public safety	<u>85,000</u>	<u>85,000</u>	<u>29,910</u>	<u>55,090</u>	<u>37,376</u>
Excess (deficit) of revenues over expenditures	0	0	80,868	\$ 80,868	\$ 71,055
Other financing uses					
Transfers out		<u>(258,100)</u>	<u>(258,100)</u>	<u>0</u>	
Net change in fund balance	<u>\$ 0</u>	<u>\$ (258,100)</u>	<u>(177,232)</u>	<u>\$ 80,868</u>	<u>71,055</u>
Fund balance beginning of year			424,644		0
Reclassification from Emergency 911 fund					<u>353,589</u>
Fund balance end of year			<u>\$ 247,412</u>		<u>424,644</u>

Effingham County, Georgia
Education Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ <u>39,417</u>	\$ <u>39,182</u>
 Fund Balances		
Reserved for program purposes	\$ <u>39,417</u>	\$ <u>39,182</u>

Effingham County, Georgia
Education Fund
Comparative Statement of Revenues and
Changes in Fund Balances
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Investment income	\$ 235	\$ 1,185
Fund balances beginning of year	<u>39,182</u>	<u>37,997</u>
Fund balances end of year	<u>\$ 39,417</u>	<u>\$ 39,182</u>

Effingham County, Georgia
County Jail Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 293,120	\$ 235,201
Accounts receivable		4,397
Total assets	\$ 293,120	\$ 239,598
Liabilities and Fund Balances		
Liabilities		
Interfund payable		
Fund Balances		
Reserved for program purposes	\$ 293,120	\$ 239,598
Total liabilities and fund balances	\$ 293,120	\$ 239,598

Effingham County, Georgia
County Jail Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	2009	2008
Revenues		
Fines and forfeitures	\$ 52,034	\$ 59,437
Investment earnings	1,488	6,320
Total revenues	53,522	65,757
Fund balances beginning of year	239,598	173,841
Fund balances end of year	\$ 293,120	\$ 239,598

Effingham County, Georgia
Fire Taxing District Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 2,279,813	\$ 2,414,568
Accounts receivable	179	103,995
Prepaid items	4,379	10,009
Total assets	\$ 2,284,371	\$ 2,528,572
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 113,565	\$ 150,418
Accrued expenditures	19,691	24,009
Interfund payable	32,200	1,548
Total liabilities	165,456	175,975
Fund Balances		
Reserved for		
Prepaid items	4,379	10,009
Program puposes - committed for capital purchases	33,463	43,407
Program purposes	2,081,073	2,299,181
Total fund balances	2,118,915	2,352,597
Total liabilities and fund balances	\$ 2,284,371	\$ 2,528,572

Effingham County, Georgia
Fire Taxing District Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues					
Insurance premium taxes	\$ 1,476,611	\$ 1,476,611	\$ 1,512,603	\$ 35,992	\$ 1,476,611
Intergovernmental			6,800	6,800	150,249
Charges for services	505,299	505,299	542,430	37,131	635,658
Investment earnings	100,300	100,300	16,015	(84,285)	83,728
Miscellaneous				0	
Total revenues	<u>2,082,210</u>	<u>2,082,210</u>	<u>2,077,848</u>	<u>(4,362)</u>	<u>2,346,246</u>
Expenditures					
Current					
Public safety	1,318,804	1,515,804	1,503,296	12,508	1,633,136
Debt Service					
Principal retirement	720,000	720,000	719,694	306	322,107
Interest and fiscal charges	89,000	89,000	88,540	460	104,569
Total expenditures	<u>2,127,804</u>	<u>2,324,804</u>	<u>2,311,530</u>	<u>13,274</u>	<u>2,059,812</u>
Excess (deficit) of revenues over expenditures	<u>\$ (45,594)</u>	<u>\$ (242,594)</u>	(233,682)	<u>\$ 8,912</u>	286,434
Fund balances beginning of year			<u>2,352,597</u>		<u>2,066,163</u>
Fund balances end of year			<u>\$ 2,118,915</u>		<u>\$ 2,352,597</u>

Effingham County, Georgia
Impact Fees Fund
Comparative Balance Sheet
June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ <u>2,145,034</u>	\$ <u>2,626,709</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 77,360	\$ 1,289
Interfund payable	<u>328,000</u>	<u>480,000</u>
	405,360	481,289
Fund Balances		
Reserved for program purposes	\$ <u>1,739,674</u>	\$ <u>2,145,420</u>
Total Liabilities and Fund Balances	<u>\$ 2,145,034</u>	<u>\$ 2,626,709</u>

Effingham County, Georgia
Impact Fees Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Totals For The Year Ended June 30, 2008)

	2009		Variance Positive (Negative)	2008	
	Original Budget	Final Budget		Actual	Actual
Revenues					
Charges for services		540,000	\$ 319,763	\$ (220,237)	\$ 417,194
Investment earnings			15,756	15,756	74,701
Total revenues	<u>\$ 0</u>	<u>\$ 540,000</u>	<u>335,519</u>	<u>(204,481)</u>	<u>491,895</u>
Expenditures					
General government - buildings			328,000	(328,000)	
Road projects		500,000	413,265	86,735	146,438
Recreation				0	480,000
	<u>0</u>	<u>500,000</u>	<u>741,265</u>	<u>(241,265)</u>	<u>626,438</u>
Excess (deficit) of revenues over expenditures	0	40,000	(405,746)	(117,746)	(134,543)
Other financing uses					
Transfers to water and sewer		(40,000)		40,000	
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	(405,746)	<u>\$ (77,746)</u>	(134,543)
Fund balances beginning of year			<u>2,145,420</u>		<u>2,279,963</u>
Fund balances end of year			<u>\$ 1,739,674</u>		<u>\$ 2,145,420</u>

Effingham County, Georgia
Juvenile Services Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 12,738	\$ 7,512
Receivables		310
Total assets	12,738	7,822
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ 517	
Fund Balances		
Reserved for program purposes	12,221	\$ 7,822
Total liabilities and fund balances	\$ 12,738	\$ 7,822

Effingham County, Georgia
Juvenile Services Fund
Comparative Schedule of Revenues and
Changes in Fund Balance
For the Years Ended June 30, 2009 and 2008

	2009	2008
Revenues		
Charges for services	\$ 4,348	\$ 3,903
Investment income	51	146
Total revenues	4,399	4,049
 Fund balances beginning of year	 7,822	 3,773
 Fund balances end of year	 \$ 12,221	 \$ 7,822

Effingham County, Georgia
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Investment earnings	\$ 1	\$ 33,503
Expenditures		
Debt Service		
Principal		2,080,000
Interest and fiscal charges		37,443
	<u>0</u>	<u>2,117,443</u>
Excess (deficit) of revenues over expenditures	1	(2,083,940)
Other Financing Sources		
Transfers in from SPLOST fund		
Net change in fund balances	1	(2,083,940)
Fund balances beginning of year	<u>159</u>	<u>2,084,099</u>
Fund balances end of year	<u>\$ 160</u>	<u>\$ 159</u>

Effingham County, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
June 30, 2009 and 2008

	2009	2008
Assets		
Cash	\$ 12,808,894	\$ 7,705,149
Receivables:		
Sales taxes	647,522	1,892,091
Accounts	204,740	56,519
Interfund	385,834	1,038,603
Total assets	\$ 14,046,990	\$ 10,692,362
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 906,459	\$ 1,022,976
Accrued expenses	20,362	
Interfund payable	431,299	377,505
Total liabilities	1,358,120	1,400,481
Fund Balances		
Reserved for:		
Prepaid items		
Program puposes - committed for capital purchases	19,693	27,193
Program purposes	12,669,177	9,264,688
Total fund balances	12,688,870	9,291,881
Total liabilities and fund balances	\$ 14,046,990	\$ 10,692,362

Effingham County, Georgia
SPLOST Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009
(With Comparative Actual Amounts For the Year Ended June 30, 2008)

	2009			Variance Positive (Negative)	2008
	Original Budget	Final Budget	Actual		Actual
Revenues					
Sales taxes	\$ 7,027,970	\$ 7,027,970	\$ 7,145,410	\$ 117,440	\$ 7,821,709
Intergovernmental revenue			432,131		
Investment earnings			126,468	126,468	273,304
Total revenues	<u>7,027,970</u>	<u>7,027,970</u>	<u>7,704,009</u>	<u>243,908</u>	<u>8,095,013</u>
Expenditures					
Capital outlays					
General government	2,967,000	2,967,000	1,687,858	1,279,142	375,381
Technology	200,400	200,400			
Public works					
Roads	5,159,217	5,159,217	2,631,341	2,527,876	3,201,107
Drainage	284,524	284,524	281,907	2,617	486,738
Health and Welfare					165,000
Recreation	250,000	250,000	78,192	171,808	675,460
Debt service - recreation					
Principal retirement	113,000	113,000	112,470	530	79,787
Interest and fiscal charges	18,000	18,000	17,698	302	14,013
Total expenditures	<u>8,992,141</u>	<u>8,992,141</u>	<u>4,809,466</u>	<u>3,982,275</u>	<u>4,997,486</u>
Excess (deficit) of revenues over expenditures	<u>(1,964,171)</u>	<u>(1,964,171)</u>	<u>2,894,543</u>	<u>4,226,183</u>	<u>3,097,527</u>
Other financing sources (uses)					
Proceeds from capital leases			510,967	510,967	
Transfer out to water fund	(489,000)	(489,000)	(8,521)	480,479	
Total other financing sources (uses)	<u>(489,000)</u>	<u>(489,000)</u>	<u>502,446</u>	<u>991,446</u>	<u>0</u>
Net change in fund balances	<u>\$ (2,453,171)</u>	<u>\$ (2,453,171)</u>	3,396,989	<u>\$ 5,217,629</u>	3,097,527
Fund balances beginning of year			<u>9,291,881</u>		<u>6,194,354</u>
Fund balances end of year			<u>\$ 12,688,870</u>		<u>\$ 9,291,881</u>

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2009

Probate Court	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 13,573	\$ 116,199	\$ 124,436	\$ 5,336
Liabilities				
Due to other funds	\$ 0	\$ 65,839	\$ 65,839	\$ 0
Due to others	13,573	50,360	58,597	5,336
Total Liabilities	\$ 3,051	\$ 116,199	\$ 124,436	\$ 5,336

Superior Court Clerk	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 144,762	\$ 2,284,480	\$ 2,406,485	\$ 22,757
Liabilities				
Due to other funds	\$ 0	\$ 1,102,672	\$ 1,102,672	\$ 0
Due to others	144,762	1,181,808	1,303,813	22,757
Total Liabilities	\$ 144,762	\$ 2,284,480	\$ 2,406,485	\$ 22,757

Sheriff's Office	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 203,949	\$ 677,364	\$ 275,392	\$ 605,921
Liabilities				
Due to other funds	\$ 0	\$ 97,194	\$ 97,194	\$ 0
Due to others	203,949	580,170	178,198	605,921
Total Liabilities	\$ 203,949	\$ 677,364	\$ 275,392	\$ 605,921

(continued on next page)

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2009

Chief Magistrate Office	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 30,347	\$ 258,729	\$ 276,223	\$ 12,853
Liabilities				
Due to other funds	\$ 0	\$ 106,401	\$ 106,401	\$ 0
Due to others	30,347	152,328	169,822	12,853
Total Liabilities	\$ 30,347	\$ 258,729	\$ 276,223	\$ 12,853

Probation Office	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 44,044	\$ 278,029	\$ 268,521	\$ 53,552
Liabilities				
Due to other funds	\$ 0	\$ 201,194	\$ 201,194	\$ 0
Due to others	44,044	76,835	67,327	53,552
Total Liabilities	\$ 44,044	\$ 278,029	\$ 268,521	\$ 53,552

Tax Commissioner	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 365,114	\$ 57,423,395	\$ 57,486,513	\$ 301,996
Liabilities				
Due to other funds	\$ 0	\$ 19,865,538	\$ 19,865,538	\$ 0
Due to others	365,114	37,557,857	37,620,975	301,996
Total Liabilities	\$ 365,114	\$ 57,423,395	\$ 57,486,513	\$ 301,996

(continued on next page)

Effingham County, Georgia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2009

Total	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash	\$ 801,789	\$ 61,038,196	\$ 60,837,570	\$ 1,002,415
Liabilities				
Due to other funds	\$ 0	\$ 21,438,838	\$ 21,438,838	\$ 0
Due to other governments	801,789	39,599,358	39,398,732	1,002,415
Total Liabilities	\$ 801,789	\$ 61,038,196	\$ 60,837,570	\$ 1,002,415

Effingham County, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended June 30, 2009

Project	Prior Years	Current Period	Total
Expenditures			
From referendums prior to September 1, 2007			
Recreation	\$ 4,142,748	\$ 125,092	\$ 4,267,840
General government - government buildings	12,029,100	1,687,858	13,716,958
Drainage	3,572,997	281,907	3,854,904
Water and sewer	3,188,217	8,521	3,196,738
Streets and roads	<u>32,039,562</u>	<u>1,771,511</u>	<u>33,811,073</u>
	<u>\$ 54,972,624</u>	<u>\$ 3,874,889</u>	<u>\$ 58,847,513</u>
From the referendums beginning September 1, 2007:			
Technology	<u>\$ 165,000</u>		<u>\$ 165,000</u>
Total funds available at June 30, 2009 for future SPLOST projects:			
From referendums prior to September 1, 2007			\$ 644,373
From the referendums beginning September 1, 2007:			<u>12,044,497</u>
			<u>12,688,870</u>

Prior to May, 2002, in accordance with referendum approved by voters, Special Local Options Sales Tax (SPLOST) proceeds were to be used for road, street and bridge purposes, including road resurfacing and sidewalk construction and improvement; for water, sewer and drainage purposes; for public safety purposes; and for the purpose of capital outlay projects consisting of recreational facilities. The referendum did not specify individual projects to be completed with the taxes collected. In April, 2002, a new referendum became effective at the expiration of the prior referendum. Under the new referendum, SPLOST would be imposed for a period of time not to exceed five years and for raising not more than \$19,000,000 for the purpose of funding capital outlay projects throughout the county and all municipalities including (i) drainage capital improvements (ii) street and sidewalk improvements (iii) public buildings (new courthouse), (iv) water and sewer capital projects, (v) cultural facilities, recreation facilities and historic facilities (restoration of old courthouse), (vi) public safety equipment. Additionally, under this referendum SPLOST would be imposed for a period of time not to exceed five years and for the raising of not more than \$16,000,000 for the purpose of road, street and bridge projects. The County retains approximately 81.05% of the tax proceeds from this referendum.

On September 1, 2007, a new referendum (the 2006 Effingham County SPLOST) became effective. Under this referendum, SPLOST would be imposed for a period of time not to exceed five years and for the raising of an estimated \$50,000,000. In accordance with the referendum approved by the voters the tax proceeds are to be used by the County for funding roads, streets, and bridges, drainage capital outlay projects, public building capital outlay projects, recreation capital outlay projects, water and sewer capital outlay projects, vehicle and equipment capital outlay projects and technology capital outlay projects. The referendum does not specify individual projects to be completed by the taxes collected. The County retains approximately 81.05% of the tax proceeds from this referendum. For the year ended June 30, 2009, the County recognized \$7,145,410 of net revenues from this referendum. The estimated maximum remaining amount to be recognized over the life of this referendum is approximately \$38,000,000

Effingham County, Georgia
Family Connection Grant From Georgia Department of Human Resources
Schedule of Comparison of Actual Results and Budget
Contract Number 427-93-09090625-99
For the Year Ended June 30, 2009

	Actual	Revised Budget
Total contract amount	\$ <u>50,000</u>	\$ <u>50,000</u>
Revenues	\$ <u>30,746</u>	\$ <u>50,000</u>
Expenses:		
Personal services	34,900	34,900
Regular operating	3,698	5,000
Travel	2,123	2,500
Per diem fees, contracts and client services	4,716	4,716
Telecommunications	969	1,384
Other	<u>46,406</u>	<u>50,000</u>
Excess disbursements over receipts (amount due from DHR)	\$ <u>(15,660)</u>	\$ <u>0</u>

CAINES, HODGES, PACE & COMPANY, P.C.

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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 the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Effingham County, Georgia, as of and for the year ended June 30, 2009, which collectively comprise Effingham County, Georgia's basic financial statements and have issued our report thereon dated December 8, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Effingham County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Effingham County, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Effingham County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Effingham County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Effingham County, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Effingham County, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Board of Commissioners
Effingham County, Georgia
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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.

This report is intended solely for the information and use of management, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cainey, Hodges, Pace & Company, P.C.

Rincon, Georgia
December 8, 2009