

**CANDLER COUNTY, GEORGIA**  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Candler County, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Candler County Board of Health, a discretely presented component, which represents 2.7% and 1.4% respectively, of the assets and net position of Candler County, Georgia. We did not audit the financial statements of the Candler County Hospital Authority, a discretely presented component, which represents 44.3% and 21.2% respectively, of the assets and net position of Candler County, Georgia.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Candler County Board of Health, a discretely presented component, which represents 2.7% and 1.4% respectively, of the assets and net position of Candler County, Georgia. We did not audit the financial statements of the Candler County Hospital Authority, a discretely presented component, which represents 44.3% and 21.2% respectively, of the assets and net position of Candler County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Candler County Board of Health and the Candler County Hospital Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2017, on our consideration of Candler County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Candler County, Georgia's internal control over financial reporting and compliance.

*Lanier, Westerfield, Ouel + Proctor*

Statesboro, Georgia  
January 20, 2017

**CANDLER COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government	Component Units	
	Governmental Activities	Candler County Board of Health	Candler County Hospital Authority
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 5,219,193	\$ 530,671	\$ 136,513
Certificates of deposit	791,656	-	-
<b>Receivables:</b>			
Accounts	87,532	-	2,308,508
Taxes	695,723	-	-
Intergovernmental - Component Unit	1,324,751	-	-
Intergovernmental	510,107	-	-
Prepaid items	106,015	-	-
Supplies inventory	-	-	227,059
Other current assets	-	-	1,518,263
<b>Noncurrent Assets:</b>			
Externally restricted cash by bond indentures	-	-	30,838
Deferred financing costs	-	-	36,649
<b>Capital Assets:</b>			
Nondepreciable capital assets	604,810	-	236,058
Depreciable capital assets, net	10,119,546	-	4,119,151
<b>Total Assets</b>	<b>19,459,333</b>	<b>530,671</b>	<b>8,613,039</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Proportionate share of collective deferred outflows of resources	-	49,067	-
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	623,709	-	5,311,834
Accrued payroll	49,335	-	-
Other accrued expenses	-	-	402,216
Unearned revenue	746	-	-
Compensated absences payable	29,487	8,768	-
Notes payable	66,239	-	2,039,873
Capital leases payable	96,952	-	-
Estimated third-party payor settlements	-	-	41,167
<b>Long-Term Liabilities:</b>			
Compensated absences payable (net of current portion)	117,947	8,767	-
Notes payable (net of current portion)	193,750	-	4,110,628
Capital leases payable (net of current portion)	410,631	-	-
Net pension obligation	-	322,613	-
Landfill closure and postclosure care costs	2,371,849	-	-
<b>Total Liabilities</b>	<b>3,960,645</b>	<b>340,148</b>	<b>11,905,718</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Proportionate share of collective deferred inflows of resources	-	25,855	-
<b>NET POSITION</b>			
Net investment in capital assets	9,957,784	-	27,440
<b>Restricted for:</b>			
Capital projects	1,718,490	-	-
Other purposes	707,461	116,516	-
Unrestricted	3,114,953	97,219	(3,320,119)
<b>Total Net Position</b>	<b>\$ 15,498,688</b>	<b>\$ 213,735</b>	<b>\$ (3,292,679)</b>

See accompanying notes to the basic financial statements.

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

Program/Function	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Candler County Board of Health	Candler County Hospital Authority	
<b>Primary Government</b>								
General government	\$ 1,182,892	\$ 132,764	\$ 2,838	-	\$ (1,047,290)			
Judicial	670,732	109,380	-	-	(561,352)			
Public safety	3,123,223	1,511,389	52,631	-	(1,559,203)			
Public works	2,697,920	779,313	-	\$ 892,657	(1,025,950)			
Health and welfare	97,771	-	-	-	(97,771)			
Culture and recreation	411,490	66,967	84,000	-	(260,523)			
Housing and development	192,964	-	-	-	(192,964)			
Interest	4,691	-	-	-	(4,691)			
<b>Total Governmental Activities - Primary Government</b>	<b>8,381,683</b>	<b>2,599,813</b>	<b>139,469</b>	<b>892,657</b>	<b>(4,749,744)</b>			
<b>Component Units:</b>								
Candler County Board of Health	\$ 399,265	\$ 116,588	\$ 309,544	\$ -	\$ -	\$ 26,867	\$ -	\$ -
Candler County Hospital Authority	15,353,365	13,047,837	-	1,402,615	-	-	-	(902,913)
<b>Total Component Units</b>	<b>\$ 15,752,630</b>	<b>\$ 13,164,425</b>	<b>\$ 309,544</b>	<b>\$ 1,402,615</b>	<b>\$ -</b>	<b>26,867</b>	<b>\$ -</b>	<b>(902,913)</b>
<b>General Revenues</b>								
Property taxes levied for general purposes					3,050,767			
Sales taxes					2,099,699			
Insurance premium tax					347,022			
Other taxes					229,856			
Interest earned					5,760			16,028
Miscellaneous					51,807			407,782
<b>Total General Revenues</b>					<b>5,784,911</b>			<b>423,810</b>
<b>Change in Net Position</b>					<b>1,035,167</b>	<b>26,867</b>		<b>(479,103)</b>
<b>Net Position, July 1, 2015</b>					<b>14,463,521</b>	<b>186,868</b>		<b>(2,813,576)</b>
<b>Net Position, June 30, 2016</b>					<b>\$ 15,498,688</b>	<b>\$ 213,735</b>		<b>\$ (3,292,679)</b>

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,510,066	\$ 902,967	\$ 389,950	\$ 416,209	\$ 5,219,192
Certificates of deposit	642,168	-	-	149,488	791,656
Receivables:					
Accounts	64,152	-	-	23,380	87,532
Taxes	695,723	-	-	-	695,723
Intergovernmental - Component Unit	1,324,751	-	-	-	1,324,751
Intergovernmental	13,175	105,885	391,047	-	510,107
Due from other funds	9,196	37,950	17,465	-	64,611
Prepaid items	106,015	-	-	-	106,015
<b>TOTAL ASSETS</b>	<b>\$ 6,365,246</b>	<b>\$ 1,046,802</b>	<b>\$ 798,462</b>	<b>\$ 589,077</b>	<b>\$ 8,799,587</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 196,058	\$ 163,654	\$ 234,372	\$ 29,625	\$ 623,709
Accrued payroll	49,335	-	-	-	49,335
Due to other funds	55,415	-	-	9,196	64,611
Note payable	1,000	-	-	-	1,000
Unearned revenue	745	-	-	-	745
<b>TOTAL LIABILITIES</b>	<b>302,553</b>	<b>163,654</b>	<b>234,372</b>	<b>38,821</b>	<b>739,400</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	528,333	-	-	-	528,333
<b>FUND BALANCES</b>					
Nonspendable	106,015	-	-	-	106,015
Restricted	428,457	883,148	564,090	550,256	2,425,951
Assigned	1,855,859	-	-	-	1,855,859
Unassigned	3,144,029	-	-	-	3,144,029
<b>TOTAL FUND BALANCES</b>	<b>5,534,360</b>	<b>883,148</b>	<b>564,090</b>	<b>550,256</b>	<b>7,531,854</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 6,365,246</b>	<b>\$ 1,046,802</b>	<b>\$ 798,462</b>	<b>\$ 589,077</b>	<b>\$ 8,799,587</b>

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

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

Total Governmental Fund Balances		\$ 7,531,854
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost	\$ 17,870,462	
Less accumulated depreciation	<u>(7,146,106)</u>	10,724,356
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Property taxes		528,333
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	\$ 64,611	
Interfund payables	<u>(64,611)</u>	-
Liabilities, including capital leases, notes payable, compensated absences and accrued landfill closure and postclosure care costs are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position		
Capital leases payable	\$ (507,583)	
Notes payable	(258,989)	
Landfill closure and postclosure care costs	(2,371,849)	
Compensated absences	<u>(147,434)</u>	<u>(3,285,855)</u>
<b>Net Position Of Governmental Activities</b>		<b><u>\$ 15,498,688</u></b>

See accompanying notes to the basic financial statements.



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

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 4,188,272	\$ 1,260,910	\$ 220,947	-	\$ 5,670,129
Licenses and permits	66,745	-	-	-	66,745
Charges for services	2,002,045	-	-	\$ 180,482	2,182,527
Fees, fines and forfeitures	344,425	-	-	6,116	350,541
Intergovernmental	428,947	-	600,834	-	1,029,781
Interest	4,580	2,345	807	373	8,105
Other	51,807	-	-	-	51,807
Total revenues	<u>7,086,821</u>	<u>1,263,255</u>	<u>822,588</u>	<u>186,971</u>	<u>9,359,635</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,077,043	-	-	-	1,077,043
Judicial	668,488	-	-	3,458	671,946
Public safety	2,799,329	-	-	143,762	2,943,091
Public works	1,814,742	-	-	-	1,814,742
Health and welfare	97,771	-	-	-	97,771
Culture and recreation	404,399	-	-	-	404,399
Housing and development	192,503	-	-	-	192,503
Capital outlay	-	1,643,220	719,843	23,654	2,386,717
Debt service:					
Principal	62,360	74,045	-	-	136,405
Interest	3,514	1,177	-	-	4,691
Intergovernmental	-	554,800	-	-	554,800
Total expenditures	<u>7,120,150</u>	<u>2,273,242</u>	<u>719,843</u>	<u>170,874</u>	<u>10,284,109</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>(33,329)</u>	<u>(1,009,987)</u>	<u>102,745</u>	<u>16,097</u>	<u>(924,474)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital leases	-	507,583	-	-	507,583
Total other financing sources (uses)	<u>-</u>	<u>507,583</u>	<u>-</u>	<u>-</u>	<u>507,583</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(33,329)</u>	<u>(502,404)</u>	<u>102,745</u>	<u>16,097</u>	<u>(416,891)</u>
<b>FUND BALANCES, JULY 1, 2015</b>	<u>5,567,689</u>	<u>1,385,552</u>	<u>461,345</u>	<u>534,159</u>	<u>7,948,745</u>
<b>FUND BALANCES, JUNE 30, 2016</b>	<u>\$ 5,534,360</u>	<u>\$ 883,148</u>	<u>\$ 564,090</u>	<u>\$ 550,256</u>	<u>\$ 7,531,854</u>

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

Net Changes In Fund Balances - Total Governmental Funds \$ (416,891)

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

Depreciation expense	\$ (790,667)	
Capital outlay	<u>2,696,379</u>	1,905,712

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

Property taxes:		
Unavailable revenue at 6/30/16	528,333	
Unavailable revenue at 6/30/15	<u>(471,118)</u>	57,215

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities. (54,042)

The inception of capital leases and the issuance of notes payable is reported as an other financing source on the fund level financial statement and as a liability on the statement of net position. (507,583)

Repayment of capital lease and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 136,405

Some expenses reported in the statement of activities, such as compensated absences and landfill closure and postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences	(9,641)	
Change in landfill closure and postclosure care costs	<u>(76,008)</u>	<u>(85,649)</u>

**Change In Net Position of Governmental Activities \$ 1,035,167**

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Property	\$ 3,246,090	\$ 2,993,552	\$ (252,538)
Local option sales tax	575,000	617,842	42,842
Alcoholic beverage	90,000	104,404	14,404
Insurance premium	324,000	347,022	23,022
Other	120,000	125,452	5,452
Licenses and permits	65,575	66,745	1,170
Charges for services	1,989,553	2,002,045	12,492
Fees, fines and forfeitures	297,450	344,425	46,975
Intergovernmental	420,000	428,947	8,947
Interest	1,720	4,580	2,860
Other	54,650	51,807	(2,843)
Total revenues	<u>7,184,038</u>	<u>7,086,821</u>	<u>(97,217)</u>
<b>EXPENDITURES</b>			
Current:			
General government:			
Legislative	49,434	50,516	(1,082)
Executive	161,619	180,581	(18,962)
Elections	102,493	107,738	(5,245)
Financial administration	210,569	186,468	24,101
Tax commissioner	240,775	250,532	(9,757)
Tax assessor	254,370	245,709	8,661
Equalization	2,000	1,868	132
Public buildings	60,379	53,631	6,748
Total general government	<u>1,081,639</u>	<u>1,077,043</u>	<u>4,596</u>
Judicial:			
Superior Court	211,462	184,267	27,195
Clerk of Court	166,895	172,011	(5,116)
State Court	109,114	112,450	(3,336)
Magistrate Court	102,135	92,599	9,536
Probate Court	111,636	107,161	4,475
Total judicial	<u>701,242</u>	<u>668,488</u>	<u>32,754</u>
Public safety:			
Sheriff	875,445	941,990	(66,545)
Detention center	630,708	604,204	26,504
School drug program	7,300	18,671	(11,371)
Fire protection	126,610	126,610	-
Emergency medical service	943,920	1,053,394	(109,474)
Coroner	19,585	18,044	1,541
Animal control	25,000	25,000	-
Emergency management	13,089	11,416	1,673
Total public safety	<u>\$ 2,641,657</u>	<u>\$ 2,799,329</u>	<u>\$ (157,672)</u>

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (Continued)</b>			
Public works:			
Roads and bridges	\$ 1,169,857	\$ 1,191,670	\$ (21,813)
Solid waste	829,932	623,072	206,860
Total public works	<u>1,999,789</u>	<u>1,814,742</u>	<u>185,047</u>
Health and welfare:			
Health department	53,000	57,282	(4,282)
Hospital	8,007	12,204	(4,197)
Public education	12,000	12,083	(83)
Community services	20,800	10,202	10,598
Family and children services	6,000	6,000	-
Total health and welfare	<u>99,807</u>	<u>97,771</u>	<u>2,036</u>
Culture and recreation:			
Recreation department	369,280	347,441	21,839
Community center	-	11,952	(11,952)
Library	46,000	45,006	994
Total culture and recreation	<u>415,280</u>	<u>404,399</u>	<u>10,881</u>
Housing and development:			
Conservation	9,370	9,367	3
Agricultural resources	99,339	88,355	10,984
Economic development	69,009	66,964	2,045
Airport	20,028	20,028	-
Code enforcement	10,000	7,789	2,211
Total housing and development	<u>207,746</u>	<u>192,503</u>	<u>15,243</u>
Debt service:			
Principal	43,610	62,360	(18,750)
Interest	3,268	3,514	(246)
Total debt service	<u>46,878</u>	<u>65,874</u>	<u>(18,996)</u>
Total expenditures	<u>7,194,038</u>	<u>7,120,150</u>	<u>73,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(33,329)	(23,329)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(33,329)</u>	<u>\$ (33,329)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>5,567,689</u>	
FUND BALANCE, END OF YEAR		<u>\$ 5,534,360</u>	

See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2016**

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**ASSETS**

Cash	<u>\$ 533,861</u>
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**LIABILITIES**

Due to other entities and individuals	<u>\$ 533,861</u>
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See accompanying notes to the basic financial statements.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2016

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Candler County, Georgia (the “County”) operates under a Commissioner – County Administrator form of Government. The County is governed by a board of five commissioners elected by the voters of the County.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County’s accounting policies are described below.

**1-A. Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes, or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County’s discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

A brief description of the County’s discretely presented component units follows:

**Candler County Board of Health** – The Candler County Board of Health provides health care services and health education to residents of Candler County. The Health Department receives financial support from Candler County, Georgia, the State of Georgia and the Federal Government. The County Commission appoints a majority of the Board of Directors. Complete financial statements for the Candler County Board of Health can be obtained from their administrative office at:

Candler County Board of Health  
428 North Rountree Street  
Metter, Georgia 30439

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Candler County Hospital Authority (The Hospital Authority)** - The Candler County Hospital Authority was created in November, 1958 by the Board of Commissioners of Candler County to operate, control, and manage all matters concerning the County's health care functions. The Hospital Authority operates Candler County Hospital, a critical access hospital. The County nominates the Board of Trustee members of the Hospital Authority and the County has guaranteed some debt of the Hospital Authority. The Hospital Authority issued audited financial statements with a fiscal year ended December 31, 2015. Copies of these financial statements may be obtained from their administrative office at:

Candler County Hospital Authority  
400 Cedar Street  
Metter, Georgia 30439

**1-B. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes, grants and the County's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers. The County had no business-type activities at June 30, 2016.

The statement of net position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units.

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

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 governmental and fiduciary funds.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Fiduciary funds are reported by type.

**Fund Accounting** – The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses governmental and fiduciary funds.

**Governmental Funds** – Governmental 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.

**Special Sales Tax Fund** – This capital projects fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the County.

**T-SPLOST Fund** – This capital projects fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the County.

**Fiduciary Funds** – The County's fiduciary funds are agency funds. These agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Constitutional officers use these funds to temporarily hold assets.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1-C. Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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 statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, 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.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue – Non-exchange Transactions** – Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

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

**1-E. Assets, Liabilities and Net Position**

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

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

**Receivables**

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. At June 30, 2016, the General Fund reported an allowance for uncollectibles of \$68,952 and \$1,257,952 for the property taxes receivable and EMS accounts receivable, respectively.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Included in receivables at June 30, 2016 is an intergovernmental receivable from the Candler County Hospital Authority, a component unit, for \$1,324,751.

**Consumable Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

**Interfund Balances**

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

**Capital Assets**

The County reports general capital assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the County fund financial statements.

All capital assets with an estimated useful life in excess of two years 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 one thousand dollars. The County’s infrastructure consists of roads and bridges. For roads and bridges, the County has capitalized only infrastructure constructed after June 30, 2003. 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.

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.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15-50 years
Improvements other than buildings	10-40 years
Machinery and equipment	4-15 years
Infrastructure	15 years

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

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The total compensated absences liability is reported on the government-wide financial statements. Governmental funds report the compensated absences liability at the fund reporting level only “*when due.*”

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Notes payable and capital leases are recognized as a liability in the governmental fund financial statements when due.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2016. It does have a component unit that has deferred outflows of resources related to pensions on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*,

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County has a component unit that has deferred inflows of resources related to pensions on the statement of net position.

**Fund Equity**

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

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

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

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

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

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

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

The County’s policy is to maintain an adequate general fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

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

**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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental funds on the government-wide statement of activities are eliminated.

**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.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

All budgets are adopted on a basis consistent with GAAP.

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

During the year, the Board of Commissioners had no budget revisions.

All unexpended annual appropriations lapse at year-end.

**Excess of Expenditures Over Appropriations**

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

	<u>General Fund</u>
Legislative	\$ 1,082
Executive	18,962
Elections	5,245
Tax commissioner	9,757
Clerk of court	5,116
State court	3,336
Sheriff	66,545
School drug program	11,371
Emergency medical service	109,474
Roads and bridges	21,813
Health department	4,282
Hospital	4,197
Public education	83
Community center	11,952
Debt Service - Principal	18,750
Debt Service - Interest	246

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

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – DEPOSITS**

Custodial credit risk is risk that, in the event of a bank failure, the County’s deposits may not be returned to it. The County has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law.

At June 30, 2016, the carrying amount of the County’s deposits (checking and certificates of deposit) was \$6,544,710 and the bank balance was \$6,627,519. Of the bank balance, \$1,646,535 was covered by federal depository insurance and \$4,980,984 was collateralized with securities held by the pledging financial institution’s trust department or agent in the County’s name.

Discretely Presented Component Units

The carrying amount of deposits for the Candler County Hospital Authority was \$166,745 and the bank balance was \$356,458. Of the bank balance \$301,274 was covered by federal depository insurance and \$55,183 was collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s name.

The carrying amount of deposits for the Candler County Board of Health was \$530,671 and the bank balance was \$530,919, which was covered by FDIC insurance.

**NOTE 4 – PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20<sup>th</sup> of each year and are payable within sixty days. The County bills and collects its own property taxes and also collects taxes for the Candler County Board of Education, State of Georgia and cities within the County. Collection of the County’s taxes and for the other government agencies is the responsibility of the Tax Commissioner’s Office, which is accounted for in an Agency Fund.

County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2016, property taxes were levied on December 7, 2015, and were due February 20, 2016.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	E-911 Fund	\$ 9,196
Special Sales Tax Fund	General Fund	37,950
T-SPLOST Fund	General Fund	17,465
Total		<u>\$ 64,611</u>

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

There were no interfund transfers during the year ended June 30, 2016.



**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS**

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

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 133,000	\$ 8,582	-	\$ 141,582
Construction in progress	406,251	422,408	\$ 365,431	463,228
Total capital assets not being depreciated	<u>539,251</u>	<u>430,990</u>	<u>365,431</u>	<u>604,810</u>
Capital assets being depreciated:				
Buildings and improvements	6,912,846	151,313	-	7,064,159
Machinery and equipment	4,528,409	1,907,931	886,084	5,550,256
Infrastructure	646,199	1,015,367	-	1,661,566
Land improvements	2,982,461	7,210	-	2,989,671
Total capital assets being depreciated	<u>15,069,915</u>	<u>3,081,821</u>	<u>886,084</u>	<u>17,265,652</u>
Total capital assets	<u>15,609,166</u>	<u>3,512,811</u>	<u>1,251,515</u>	<u>17,870,462</u>
Accumulated depreciation:				
Buildings and improvements	2,143,659	153,787	-	2,297,446
Machinery and equipment	2,570,205	465,366	381,042	2,654,529
Infrastructure	45,373	62,507	-	107,880
Land improvements	1,977,244	109,007	-	2,086,251
Total accumulated depreciation	<u>6,736,481</u>	<u>790,667</u>	<u>381,042</u>	<u>7,146,106</u>
Governmental activities capital assets, net	<u>\$ 8,872,685</u>	<u>\$ 2,722,144</u>	<u>\$ 870,473</u>	<u>\$ 10,724,356</u>

Governmental activities depreciation expense:

General government	\$ 99,492
Judicial	1,228
Public safety	198,404
Public works	484,061
Housing and development	461
Culture and recreation	<u>7,021</u>
Total governmental activities depreciation expense	<u>\$ 790,667</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Capital asset activity for the County's component units was as follows:

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
Component unit - Candler County Board of Health:				
Capital assets being depreciated:				
Equipment	\$ 70,991	-	\$ 62,355	\$ 8,636
Accumulated depreciation:				
Equipment	70,161	\$ 830	62,355	8,636
Component unit capital assets, net	<u>\$ 830</u>	<u>\$ (830)</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
Component unit - Candler County Hospital Authority:				
Capital assets not being depreciated:				
Land	\$ 168,940	-	-	\$ 168,940
Deposit on assets	58,002	\$ 6,396		64,398
Construction in progress	1,340,003	2,720	\$ 1,340,003	2,720
Total capital assets not being depreciated	<u>1,566,945</u>	<u>9,116</u>	<u>1,340,003</u>	<u>236,058</u>
Capital assets being depreciated:				
Land improvements	148,884	-	-	148,884
Buildings	6,706,957	-	-	6,706,957
Equipment	8,200,562	1,348,621	-	9,549,183
Total capital assets being depreciated	<u>15,056,403</u>	<u>1,348,621</u>	<u>-</u>	<u>16,405,024</u>
Total capital assets	<u>16,623,348</u>	<u>1,357,737</u>	<u>1,340,003</u>	<u>16,641,082</u>
Less accumulated depreciation	<u>11,508,502</u>	<u>777,371</u>	<u>-</u>	<u>12,285,873</u>
Component unit capital assets, net	<u>\$ 5,114,846</u>	<u>\$ 580,366</u>	<u>\$ 1,340,003</u>	<u>\$ 4,355,209</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 – CAPITAL LEASES**

The County has entered into lease agreements as lessee for financing the acquisition of equipment costing \$955,583. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Amortization of the cost of the equipment is included in depreciation expense in the government-wide financial statements. Depreciation expense and accumulated depreciation on the leased equipment was \$87,839 for the year ended June 30, 2016.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016:

<u>Year ending June 30</u>	
2017	108,627
2018	108,627
2019	108,627
2020	108,626
2021	<u>108,626</u>
Total minimum lease payments	543,133
Less amount representing interest	<u>35,550</u>
Present value of future minimum lease payments	<u>\$ 507,583</u>

**NOTE 8 – SHORT TERM NOTE PAYABLE**

In December 2015, the \$1,500,000 line of credit from Queensborough National Bank and Trust Company secured by the County to provide additional funds to the Candler County Hospital Authority came due and the County secured a new line of credit for \$1,500,000. As of June 30, 2016, \$1,000 was drawn on the line of credit. All line of credit draws and accrued interest are to be repaid by the Candler County Hospital Authority. As of June 30, 2016, the County has an intergovernmental receivable of \$1,324,751 from the Candler County Hospital Authority for previous advances made to the Hospital Authority. The line of credit has an interest rate of 4.15% and a maturity date of December 31, 2016.

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Note payable	<u>\$ 634,320</u>	<u>\$ 1,000</u>	<u>\$ 634,320</u>	<u>\$ 1,000</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – NOTES PAYABLE**

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

Note payable to GEFA (95-L39SW) for landfill costs, payable in quarterly installments of \$11,719 including interest at 5.3% through February 1, 2017	\$ 33,989
Note payable to OneGeorgia Authority for the construction of the Agricultural Regional Resources Construction Building, payable in quarterly installments of \$6,250 with 0% interest through July 1, 2025	<u>225,000</u>
	<u>\$ 258,989</u>

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

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 65,239	\$ 892	\$ 66,131
2018	25,000	-	25,000
2019	25,000	-	25,000
2020	25,000	-	25,000
2021	25,000	-	25,000
2022 - 2025	93,750	-	93,750
Total	<u>\$ 258,989</u>	<u>\$ 892</u>	<u>\$ 259,881</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – NOTES PAYABLE (Continued)**

Component Unit - Candler County Hospital Authority

Notes payable at December 31, 2015 consisted of the following:

Note payable to Candler County, Georgia, interest rate of 4.00%, due on or before December 31, 2015, unsecured.	\$1,324,751
Revenue Anticipation Certificate, Series 2013A with Queensborough National Bank dated November 5, 2013 payable in 60 monthly payments of \$9,016 including interest at the fixed rate of 4.15%; contains a prepayment penalty of 2% for the first two years and 1% thereafter; secured by a pledge of the net revenues of the Authority and an intergovernmental contract between the Authority and Candler County; also gave a negative pledge of real estate.	302,142
Taxable Note, Series 2013B with Queensborough National Bank dated December 17, 2014 payable in 120 monthly payments of \$35,076 including interest at the fixed rate of 4.15%; contains a prepayment penalty of 2% for the first two years and 1% thereafter; secured by a pledge of the net revenues of the Authority and an intergovernmental contract between the Authority and Candler County; also gave a negative pledge of real estate.	3,172,548
Prommissory Note to Partnersfirst Management, LLC dated December 31, 2013 payable in 60 monthly payments of \$9,976 including interest at the fixed rate of 9.5%, unsecured.	390,247
Prommissory Note to United States Department of Agriculture (USDA) dated March 17, 2014 payable in 120 monthly payments of \$10,158 including interest at the fixed rate of 3.5%, secured by a pledge of various medical equipment.	784,702
Capital lease under a government obligation contract with Kansas State Bank of Manhattan dated October 23, 2013 payable in 60 monthly rental payments of \$2,249; first payment due at inception on December 5, 2013 with the final payment on November 5, 2018, secured by a 24'x60' modular medical clinic.	71,598
Capital lease under a government obligation contract with Kansas State Bank of Manhattan dated January 10, 2014 payable in 60 monthly rental payments of \$3,165; first payment due on March 1, 2014 with the final payment on February 1, 2019, secured by a 39'x46'X70' modular building.	104,546
	<u>\$6,150,534</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – NOTES PAYABLE (Continued)**

Annual debt service requirements to maturity are as follows:

Year ending December 31	Component Unit - Hospital Authority		
	Principal	Interest	Total
2016	\$ 2,039,906	\$ 230,258	\$ 2,270,164
2017	669,329	166,350	835,679
2018	692,824	131,590	824,414
2019	445,153	103,989	549,142
2020	456,722	86,089	542,811
2021-2025	1,846,600	154,414	2,001,014
Total	<u>\$ 6,150,534</u>	<u>\$ 872,690</u>	<u>\$ 7,023,224</u>

**NOTE 10 – LANDFILL CLOSURE AND POST CLOSURE CARE COST**

State and federal laws and regulations require that the County place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. Although most closure and post closure care costs will be paid near or after the date the landfill stops accepting waste, the County reports a portion of the closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of June 30, 2016, the estimated liability for landfill closure and post closure care costs is \$2,371,849 and consists of the closure cost for Phase One of the landfill, closure cost for the C&D landfill, and closure and post closure costs for Phase Two of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of approximately \$1,105,456 for the operating landfill as the remaining estimated capacity is filled. Used capacity for the operating Phase Two landfill is estimated to be 64.56% with an estimated remaining useful life of 17 years. All estimates are subject to change due to inflation or deflation, technology or changes in laws or regulations. The County has invested funds in a Certificate of Deposit and separate bank account for the landfill closure and post closure care costs with a standard amount being contributed quarterly to the bank account.

**NOTE 11 – CHANGES IN LONG-TERM DEBT**

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due In One Year
Governmental Activities:					
Compensated absences payable	\$ 137,793	\$ 9,641	-	\$ 147,434	\$ 29,487
Landfill closure & post closure care costs	2,295,841	76,008	-	2,371,849	-
Capital leases payable	74,045	507,583	\$ 74,045	507,583	96,952
Notes payable	321,349	-	62,360	258,989	65,239
Total Governmental Activities	<u>\$ 2,829,028</u>	<u>\$ 593,232</u>	<u>\$ 136,405</u>	<u>\$ 3,285,855</u>	<u>\$ 191,678</u>

The compensated absences liability will be paid from the General Fund, the fund from which the employees' salaries are paid. The capital lease obligations will be paid from the Special Sales Tax capital projects fund, and the notes payable will be paid from the General Fund. The landfill closure and post closure care costs will be paid from the General Fund.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – CHANGES IN LONG-TERM DEBT (Continued)**

Component Unit – Candler County Board of Health

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due In One Year
Compensated absences	<u>\$ 17,738</u>	<u>\$ 8,666</u>	<u>\$ 8,869</u>	<u>\$ 17,535</u>	<u>\$ 8,768</u>

Component Unit - Candler County Hospital Authority

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Amounts Due In One Year
Notes payable	<u>\$ 5,817,306</u>	<u>\$ 1,100,135</u>	<u>\$ 766,907</u>	<u>\$ 6,150,534</u>	<u>\$ 2,039,906</u>

**NOTE 12 – FUND BALANCES – GOVERNMENTAL FUNDS**

As of June 30, 2016, governmental fund balances are composed of the following:

	General Fund	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	<u>\$ 106,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 106,015</u>
Restricted:					
E-911	-	-	-	\$ 447,821	447,821
Roads	271,252	-	\$ 564,090	-	835,342
Jail store	-	-	-	93,028	93,028
Law library	-	-	-	9,407	9,407
Drug education	35,378	-	-	-	35,378
Jail	121,827	-	-	-	121,827
Capital projects	-	\$ 883,148	-	-	883,148
Total restricted	<u>428,457</u>	<u>883,148</u>	<u>564,090</u>	<u>550,256</u>	<u>2,425,951</u>
Assigned:					
Landfill closure and post closure care costs	1,469,513	-	-	-	1,469,513
Subsequent year's budget	386,346	-	-	-	386,346
Total assigned	<u>1,855,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,855,859</u>
Unassigned	3,144,029	-	-	-	3,144,029
Total fund balances	<u>\$ 5,534,360</u>	<u>\$ 883,148</u>	<u>\$ 564,090</u>	<u>\$ 550,256</u>	<u>\$ 7,531,854</u>

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 – EMPLOYEE RETIREMENT PLANS**

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses be remitted to the state sponsored pension plan.

Clerk of Superior Court Retirement Fund

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

Sheriff's Retirement Fund/Peace Officers' Annuity and Benefit Fund

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Magistrate Court and Clerk of Superior Court to the state sponsored pension plans.

Georgia Judicial Retirement System

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

Employee's Retirement System of Georgia

Candler County tax officials are covered under this retirement plan.

Candler County Board of Health (component unit)

The employees of the Candler County Board of Health participate in the Georgia State Employees Retirement System (ERS). The plan is administered by the State of Georgia. ERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov](http://www.ers.ga.gov). The retirement contributions for the year ended June 30, 2016 were \$35,249. Contributions are fully vested to employees after 10 years of continuous service.

At June 30, 2016, the Board of Health reported \$322,613 as a liability for its proportionate share of the net pension liabilities. For the year ended June 30, 2016, the Board of Health recognized pension expense of \$35,249.

Candler County Hospital Authority (component unit)

The Candler County Hospital Authority maintains a defined contribution retirement plan covering substantially all full-time employees. The employer matching contributions will match one half of eligible employee's contributions up to seven percent of the employee's base pay. The contributions made by the Authority for the year ended December 31, 2015 were \$0.



**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 14 – RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other counties in the state as part of the Association of County Commissioners of Georgia (ACCG) Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management insurance program for member local governments.

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

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

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

**NOTE 15 – CONTINGENCIES**

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

On November 5, 2013, the Candler County Hospital Authority sold a Series 2013A Revenue Anticipation Certificate for \$502,500 to Queensborough National Bank and Trust Company. The Revenue Anticipation Certificate, which has an interest rate of 2.9%, will be repaid in monthly installments beginning in December 2013 and ending in November 2018. Payment of principal, interest and premium, if any, will be made from the net revenues of the Candler County Hospital Authority. Proceeds from the Revenue Anticipation Certificate was utilized for issuance costs and improvements at the Candler County Hospital.

On December 17, 2014, the Candler County Hospital Authority issued a Series 2013B Taxable Note to repay other notes and obligations as well as cover issuance costs. It has an interest rate of 4.15% and will be paid with the Candler County Hospital Authority's general revenues over 120 months. Both the Series 2013A Revenue Anticipation Certificate and Series 2013B Taxable Note are also secured by an intergovernmental agreement between the Candler County Hospital Authority and the County. As part of the intergovernmental agreement, the County guarantees to pay to the Authority an amount equal to the deficit of the Candler County Hospital Authority's net revenues or general funds compared to the payments due on the certificate and/or note. Further, the County has agreed to levy taxes on taxable property within the County up to six mills should it be required to do so.

**CANDLER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 16 – JOINT VENTURE**

Under Georgia law, the County, in conjunction with other cities and counties in the seventeen county East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2016, the County paid \$6,868 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission  
5405 Oak Street  
Eastman, Georgia 31023

**NOTE 17 – SUBSEQUENT EVENTS**

In January 2017 the County renewed a \$1.5 million line of credit with Queensborough National Bank & Trust Company to provide operating funding for the Candler County Hospital Authority. Funds drawn on the line of credit will accrue interest at the rate of 4.25% and will be due for repayment on December 31, 2017.

Subsequent events were evaluated through January 20, 2017, which is the date the financial statements were available to be issued.

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

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash	\$ 312,138	\$ 94,664	\$ 9,407	\$ 416,209
Certificate of deposit	149,488	-	-	149,488
Accounts receivable	20,940	2,440	-	23,380
<b>TOTAL ASSETS</b>	<b>\$ 482,566</b>	<b>\$ 97,104</b>	<b>\$ 9,407</b>	<b>\$ 589,077</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 25,549	\$ 4,076	-	\$ 29,625
Due to other funds	9,196	-	-	9,196
<b>Total liabilities</b>	<b>34,745</b>	<b>4,076</b>	<b>-</b>	<b>38,821</b>
<b>Fund balance:</b>				
Restricted	447,821	\$ 93,028	\$ 9,407	550,256
<b>Total fund balance</b>	<b>447,821</b>	<b>93,028</b>	<b>9,407</b>	<b>550,256</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 482,566</b>	<b>\$ 97,104</b>	<b>\$ 9,407</b>	<b>\$ 589,077</b>

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

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Charges for services	\$ 164,471	\$ 16,011	-	\$ 180,482
Fees, fines and forfeitures	-	-	\$ 6,116	6,116
Interest	373	-	-	373
Total revenues	<u>164,844</u>	<u>16,011</u>	<u>6,116</u>	<u>186,971</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	143,123	639	-	143,762
Judicial	-	-	3,458	3,458
Capital outlay	-	23,654	-	23,654
Total expenditures	<u>143,123</u>	<u>24,293</u>	<u>3,458</u>	<u>170,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,721	(8,282)	2,658	16,097
FUND BALANCE, JULY 1, 2015	<u>426,100</u>	<u>101,310</u>	<u>6,749</u>	<u>534,159</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 447,821</u>	<u>\$ 93,028</u>	<u>\$ 9,407</u>	<u>\$ 550,256</u>

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

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	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Totals
<b>ASSETS</b>						
Cash	\$ 324,131	\$ 2,132	\$ 123,306	\$ 16,892	\$ 67,400	\$ 533,861
<b>LIABILITIES</b>						
Due to other entities and individuals	\$ 324,131	\$ 2,132	\$ 123,306	\$ 16,892	\$ 67,400	\$ 533,861

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

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Tax Commissioner</b>				
Assets				
Cash	\$ 345,807	\$ 9,861,410	\$ 9,883,086	\$ 324,131
Liabilities				
Due to other entities and individuals	\$ 345,807	\$ 9,861,410	\$ 9,883,086	\$ 324,131
<b>Probate Court</b>				
Assets				
Cash	\$ 326	\$ 70,061	\$ 68,255	\$ 2,132
Liabilities				
Due to other entities and individuals	\$ 326	\$ 70,061	\$ 68,255	\$ 2,132
<b>Clerk of Courts</b>				
Assets				
Cash	\$ 118,904	\$ 551,930	\$ 547,528	\$ 123,306
Liabilities				
Due to other entities and individuals	\$ 118,904	\$ 551,930	\$ 547,528	\$ 123,306
<b>Magistrate Court</b>				
Assets				
Cash	\$ 20,402	\$ 101,628	\$ 105,138	\$ 16,892
Liabilities				
Due to other entities and individuals	\$ 20,402	\$ 101,628	\$ 105,138	\$ 16,892
<b>Sheriff</b>				
Assets				
Cash	\$ 91,106	\$ 152,522	\$ 176,228	\$ 67,400
Liabilities				
Due to other entities and individuals	\$ 91,106	\$ 152,522	\$ 176,228	\$ 67,400
<b>Total Agency Funds</b>				
Assets				
Cash	\$ 576,545	\$ 10,737,551	\$ 10,780,235	\$ 533,861
Liabilities				
Due to other entities and individuals	\$ 576,545	\$ 10,737,551	\$ 10,780,235	\$ 533,861

**CANDLER COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS PAID**  
**WITH SPECIAL SALES TAX PROCEEDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**2005 Special Sales Tax**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Public building projects	\$ 904,000	\$ 1,003,835	\$ 1,003,835	-	\$ 1,003,835	100%
New equipment	1,250,000	1,689,138	1,689,138	-	1,689,138	100%
Public works project	883,000	1,747,022	1,747,022	-	1,747,022	100%
Drainage, roads and bridge improvements/expansions	1,850,000	419,409	345,694	\$ 73,715	419,409	100%
Recreation department projects	195,000	193,720	193,720	-	193,720	100%
City of Metter	3,630,000	2,997,691	2,997,691	-	2,997,691	100%
Town of Pulaski	363,000	299,769	299,769	-	299,769	100%
	<u>\$ 9,075,000</u>	<u>\$ 8,350,584</u>	<u>\$ 8,276,869</u>	<u>\$ 73,715</u>	<u>\$ 8,350,584</u>	<u>100%</u>

**2011 Special Sales Tax**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Public buildings projects	\$ 575,000	\$ 575,000	\$ 51,773	\$ 117,788	\$ 169,561	29%
Recreation department projects	260,000	260,000	165,270	39,232	204,502	79%
Retirement of prior year debt	303,320	306,502	231,280	75,222	306,502	100%
Public works projects	15,000	15,000	-	-	-	0%
Road maintenance/improvements	469,930	469,930	14,500	7,500	22,000	5%
New equipment	2,408,750	2,408,750	577,811	897,402	1,475,213	61%
City of Metter	2,880,000	2,880,000	1,676,936	504,364	2,181,300	76%
Town of Pulaski	288,000	288,000	167,684	50,436	218,120	76%
	<u>\$ 7,200,000</u>	<u>\$ 7,203,182</u>	<u>\$ 2,885,254</u>	<u>\$ 1,691,944</u>	<u>\$ 4,577,198</u>	<u>64%</u>

Total current year expenditures \$ 1,765,659

Reconciliation of current year expenditures to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total Special Sales Tax fund expenditures per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,273,242
Less proceeds from capital leases	<u>(507,583)</u>
Total current year expenditures per above	<u>\$ 1,765,659</u>

# LANIER, WESTERFIELD, DEAL & PROCTOR

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PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners  
Candler County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Candler County's basic financial statements and have issued our report thereon dated January 20, 2017. Our report includes a reference to other auditors who audited the financial statements of the Candler County Board of Health and the Candler County Hospital Authority, as described in our report on Candler County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Candler County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Candler County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Candler County, Georgia's internal control.

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

#### **2016-1 Sheriff's Office – Unidentified funds in citations bank account**

The Sheriff's Office maintains a citations bank account which has accumulated approximately \$28,700 of unidentified funds from prior years. While the Sheriff's Office believes a portion of the funds may be attributed to partial payments made on citations, all sources of these funds have not been identified. Staff members should examine the prior years' activity in this account to identify the funding sources of these accumulated funds and determine how the funds should be distributed.

County Response: We concur with this finding and Sheriff's Office personnel will determine the source of these funds and how they should be disbursed.

#### **2016-2 SPLOST – Undisbursed funds in 2011 SPLOST bank account**

While performing the audit we noted that 2011 SPLOST funds to be disbursed to City of Metter and Town of Pulaski for the month of April 2016 in the amounts of approximately \$43,000 and 4,300, respectively, remained in the County's 2011 SPLOST account. While this oversight may be attributable in part to the timing of the transfer of the bank account to a different financial institution, all disbursements were not made in a timely manner. Staff members should examine the activity in this account when performing the monthly bank reconciliation to verify that the funds are being disbursed on a monthly basis.

County Response: We concur with this finding and Finance Office personnel will review the 2011 SPLOST account on a monthly basis to ensure disbursements to the City of Metter and Town of Pulaski are being made timely.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Candler 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described below.

#### **2016-3 Budgets**

The County did not adopt budgets for its special revenue funds for the year ended June 30, 2016. State law requires an annual budget for all special revenue funds.

County Response: We concur with this finding and we will begin adopting annual budgets for all special revenue funds.

#### **2016-4 Interfund balance due from General Fund to Special Sales Tax Fund**

At June 30, 2016 the general fund owed the special sales tax (SPLOST) fund \$37,950. SPLOST funds are not to be commingled with other funds of the County.

County Response: We concur with this finding and we will reimburse the special sales tax fund in the current fiscal year.

#### **Candler County, Georgia's Response to Findings**

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

#### **Purpose of this Report**

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

*Lanier, Westerfield, Cool + Prout*

Statesboro, Georgia  
January 20, 2017