

CANDLER COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Candler County Board of Health, a discretely presented component, which represents 2.9% and 1.9% 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 31.2% and 36.6% 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 2.9% and 1.9% 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 31.2% and 36.6% 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, 2018, 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 and individual nonmajor fund financial statements and schedules 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 and individual nonmajor fund financial statements and schedules 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 and individual nonmajor fund financial statements and schedules 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 10, 2019, 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.



Statesboro, Georgia
January 10, 2019

CANDLER COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government	Component Units	
	Governmental Activities	Candler County Board of Health	Candler County Hospital Authority
ASSETS			
Current Assets:			
Cash	\$ 5,688,192	\$ 565,199	\$ 22,422
Certificates of deposit	803,939	-	-
Receivables:			
Accounts	51,500	-	1,791,947
Taxes	676,680	-	-
Intergovernmental - Component Unit	1,324,793	-	-
Intergovernmental	238,140	-	-
Other	1,281	-	-
Prepaid items	76,438	-	-
Supplies inventory	-	-	196,823
Other current assets	-	-	885,335
Noncurrent Assets:			
Externally restricted cash for debt service	-	-	12,376
Net OPEB asset	-	21,219	-
Capital Assets:			
Nondepreciable capital assets	315,005	-	168,940
Depreciable capital assets, net	11,144,370	-	3,265,711
Total Assets	20,320,338	586,418	6,343,554
DEFERRED OUTFLOWS OF RESOURCES			
Proportionate share of collective deferred outflows of resources	-	48,888	-
LIABILITIES			
Current Liabilities:			
Accounts payable	322,142	-	6,547,541
Accrued payroll	110,250	-	-
Other accrued expenses	-	-	517,811
Unearned revenue	2,600	-	-
Compensated absences payable	26,274	9,669	-
Notes payable	25,000	-	2,049,463
Capital leases payable	101,451	-	-
Estimated third-party payor settlements	-	-	354,870
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	105,098	9,669	-
Notes payable (net of current portion)	143,750	-	2,956,833
Capital leases payable (net of current portion)	210,529	-	-
Net pension obligation	-	273,978	-
Landfill closure and postclosure care costs	2,643,754	-	-
Total Liabilities	3,690,848	293,316	12,426,518
DEFERRED INFLOWS OF RESOURCES			
Proportionate share of collective deferred inflows of resources	-	33,146	-
NET POSITION			
Net investment in capital assets	10,978,645	-	2,427,286
Restricted for:			
Capital projects	1,677,525	-	-
Debt service	48,345	-	12,376
Other purposes	835,183	174,957	-
Unrestricted	3,089,792	133,887	(8,522,626)
Total Net Position	\$ 16,629,490	\$ 308,844	\$ (6,082,964)

See accompanying notes to the basic financial statements.

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

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit	
						Candler County Board of Health	Candler County Hospital Authority
Primary Government							
General government	\$ 1,488,782	\$ 96,533	\$ 66,373	\$ 130,816	\$ (1,195,060)		
Judicial	682,802	102,089	-	-	(580,713)		
Public safety	3,654,913	1,411,793	14,500	-	(2,228,620)		
Public works	2,696,995	883,430	125,184	408,991	(1,279,390)		
Health and welfare	693,424	346	46,680	-	(646,398)		
Culture and recreation	400,184	53,377	84,000	358,833	96,026		
Housing and development	683,688	-	-	-	(683,688)		
Interest	9,274	-	-	-	(9,274)		
Total Governmental Activities - Primary Government	\$ 10,310,062	\$ 2,547,568	\$ 336,737	\$ 898,640	(6,527,117)		
Component Units:							
Candler County Board of Health	\$ 416,521	\$ 175,039	\$ 337,464	-		\$ 95,982	-
Candler County Hospital Authority	15,087,756	13,062,352	1,014,628	\$ 10,500		-	\$ (1,000,276)
Total Component Units	\$ 15,504,277	\$ 13,237,391	\$ 1,352,092	\$ 10,500		95,982	(1,000,276)
General Revenues							
Property taxes levied for general purposes					3,869,532	-	-
Sales taxes					2,061,077	-	-
Insurance premium tax					395,314	-	-
Other taxes					240,041	-	-
Interest earned					13,329	-	2,703
Miscellaneous					61,430	-	411,210
Total General Revenues					6,640,723	-	413,913
Change in Net Position					113,606	95,982	(586,363)
Net Position, July 1, 2017, As Restated					16,515,884	212,862	(5,496,601)
Net Position, June 30, 2018					\$ 16,629,490	\$ 308,844	\$ (6,082,964)

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,277,914	\$ 1,045,936	\$ 678,538	\$ 685,804	\$ 5,688,192
Certificates of deposit	652,461	-	-	151,478	803,939
Receivables:					
Accounts	29,691	-	-	21,809	51,500
Taxes	676,680	-	-	-	676,680
Intergovernmental - Component Unit	1,324,793	-	-	-	1,324,793
Intergovernmental	108,747	110,246	18,897	250	238,140
Other	-	-	-	1,281	1,281
Prepaid items	76,438	-	-	-	76,438
TOTAL ASSETS	<u>\$ 6,146,724</u>	<u>\$ 1,156,182</u>	<u>\$ 697,435</u>	<u>\$ 860,622</u>	<u>\$ 8,860,963</u>
LIABILITIES					
Accounts payable	\$ 120,611	\$ 168,870	\$ 7,222	\$ 25,439	\$ 322,142
Accrued payroll liabilities	110,250	-	-	-	110,250
Unearned revenue	2,600	-	-	-	2,600
TOTAL LIABILITIES	<u>233,461</u>	<u>168,870</u>	<u>7,222</u>	<u>25,439</u>	<u>434,992</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	533,631	-	-	-	533,631
FUND BALANCES					
Nonspendable	76,438	-	-	-	76,438
Restricted	48,345	987,312	690,213	835,183	2,561,053
Assigned	2,054,775	-	-	-	2,054,775
Unassigned	3,200,074	-	-	-	3,200,074
TOTAL FUND BALANCES	<u>5,379,632</u>	<u>987,312</u>	<u>690,213</u>	<u>835,183</u>	<u>7,892,340</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 6,146,724</u>	<u>\$ 1,156,182</u>	<u>\$ 697,435</u>	<u>\$ 860,622</u>	<u>\$ 8,860,963</u>

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, 2018

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

Total Governmental Fund Balances			\$ 7,892,340
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Cost	\$	20,309,269	
Less accumulated depreciation		<u>(8,849,894)</u>	11,459,375
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			533,631
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	\$	(311,980)	
Notes payable		(168,750)	
Landfill closure and postclosure care costs		(2,643,754)	
Compensated absences		<u>(131,372)</u>	<u>(3,255,856)</u>
Net Position Of Governmental Activities			<u>\$ 16,629,490</u>

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, 2018

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,162,241	\$ 1,231,560	\$ 225,881	-	\$ 6,619,682
Licenses and permits	53,447	-	-	-	53,447
Charges for services	2,065,606	-	-	\$ 186,790	2,252,396
Fees, fines and forfeitures	353,194	-	-	11,940	365,134
Intergovernmental	336,737	-	-	405,747	742,484
Interest	8,610	3,244	2,632	2,087	16,573
Other	61,430	-	-	-	61,430
Total revenues	<u>8,041,265</u>	<u>1,234,804</u>	<u>228,513</u>	<u>606,564</u>	<u>10,111,146</u>
EXPENDITURES					
Current:					
General government	1,376,752	-	-	-	1,376,752
Judicial	681,608	-	-	2,611	684,219
Public safety	3,044,352	-	-	366,768	3,411,120
Public works	1,577,382	-	-	-	1,577,382
Health and welfare	630,564	-	-	-	630,564
Culture and recreation	380,655	-	-	-	380,655
Housing and development	183,547	-	-	-	183,547
Capital outlay	-	479,017	241,118	370,367	1,090,502
Debt service:					
Principal	25,000	99,352	-	-	124,352
Interest	-	9,274	-	-	9,274
Intergovernmental	-	856,899	-	-	856,899
Total expenditures	<u>7,899,860</u>	<u>1,444,542</u>	<u>241,118</u>	<u>739,746</u>	<u>10,325,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	141,405	(209,738)	(12,605)	(133,182)	(214,120)
FUND BALANCES, JULY 1, 2017	<u>5,238,227</u>	<u>1,197,050</u>	<u>702,818</u>	<u>968,365</u>	<u>8,106,460</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 5,379,632</u>	<u>\$ 987,312</u>	<u>\$ 690,213</u>	<u>\$ 835,183</u>	<u>\$ 7,892,340</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, 2018

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

Net Changes In Fund Balances - Total Governmental Funds	\$ (214,120)
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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	\$ (1,063,762)	
Capital outlay	<u>1,102,523</u>	38,761

Governmental funds do not record contributions of capital assets. However, in the statement of activities the fair value of those assets are reported as capital contributions.	489,649
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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 6/30/18	533,631	
Unavailable revenue at 6/30/17	<u>(710,760)</u>	(177,129)

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.	(6,100)
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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.	124,352
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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	8,107	
Change in landfill closure and postclosure care costs	<u>(149,914)</u>	<u>(141,807)</u>

Change In Net Position of Governmental Activities	<u>\$ 113,606</u>
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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, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 3,142,000	\$ 3,923,251	\$ 781,251
Local option sales tax	605,000	603,636	(1,364)
Alcoholic beverage	105,000	95,382	(9,618)
Insurance premium	380,000	395,314	15,314
Other	140,000	144,658	4,658
Licenses and permits	70,500	53,447	(17,053)
Charges for services	1,981,060	2,065,606	84,546
Fees, fines and forfeitures	359,700	353,194	(6,506)
Intergovernmental	178,500	336,737	158,237
Interest	1,000	8,610	7,610
Other	286,761	61,430	(225,331)
Total revenues	7,249,521	8,041,265	791,744
EXPENDITURES			
Current:			
General government:			
Legislative	48,589	51,123	(2,534)
Executive	207,333	279,634	(72,301)
Elections	85,806	89,538	(3,732)
Financial administration	334,214	351,009	(16,795)
Tax commissioner	235,177	270,466	(35,289)
Tax assessor	249,511	248,396	1,115
Equalization	4,878	5,291	(413)
Public buildings	57,600	81,295	(23,695)
Total general government	1,223,108	1,376,752	(153,644)
Judicial:			
Superior Court	192,511	187,433	5,078
Clerk of Court	172,744	160,311	12,433
State Court	114,686	116,445	(1,759)
Magistrate Court	92,686	90,151	2,535
Probate Court	122,871	127,268	(4,397)
Total judicial	695,498	681,608	13,890
Public safety:			
Sheriff	1,090,974	1,121,745	(30,771)
Detention center	631,980	616,628	15,352
Fire protection	175,000	175,000	-
Emergency medical service	1,049,443	1,048,352	1,091
Coroner	22,385	19,906	2,479
Animal control	-	47,920	(47,920)
Emergency management	11,128	14,801	(3,673)
Total public safety	2,980,910	3,044,352	(63,442)

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, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Public works:			
Roads and bridges	\$ 929,249	\$ 873,350	\$ 55,899
Solid waste	646,844	704,032	(57,188)
Total public works	<u>1,576,093</u>	<u>1,577,382</u>	<u>(1,289)</u>
Health and welfare:			
Health department	40,000	40,366	(366)
Hospital	504,106	537,478	(33,372)
Community services	-	40	(40)
Family connections	48,500	46,680	1,820
Family and children services	6,000	6,000	-
Total health and welfare	<u>598,606</u>	<u>630,564</u>	<u>(31,958)</u>
Culture and recreation:			
Recreation department	332,749	334,650	(1,901)
Library	44,410	46,005	(1,595)
Total culture and recreation	<u>377,159</u>	<u>380,655</u>	<u>(3,496)</u>
Housing and development:			
Conservation	9,370	9,380	(10)
Agricultural resources	106,579	80,254	26,325
Economic development	85,000	66,061	18,939
Airport	17,000	17,000	-
Code enforcement	11,085	10,852	233
Total housing and development	<u>229,034</u>	<u>183,547</u>	<u>45,487</u>
Debt service:			
Principal	25,000	25,000	-
Interest	-	-	-
Total debt service	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>7,705,408</u>	<u>7,899,860</u>	<u>(194,452)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (455,887)</u>	141,405	<u>\$ 597,292</u>
FUND BALANCE, BEGINNING OF YEAR		<u>5,238,227</u>	
FUND BALANCE, END OF YEAR		<u>\$ 5,379,632</u>	

See accompanying notes to the basic financial statements.

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

ASSETS

Cash	<u>\$ 450,118</u>
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LIABILITIES

Due to other entities and individuals	<u>\$ 450,118</u>
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See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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, 2017. 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, 2018.

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

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.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

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

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, 2018, the General Fund reported an allowance for uncollectibles of \$66,308 and \$250,984 for the property taxes receivable and EMS accounts receivable, respectively.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Included in receivables at June 30, 2018 is an intergovernmental receivable from the Candler County Hospital Authority, a component unit, for \$1,324,793.

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, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Capital Assets

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

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, 2018. 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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County adopts an annual operating budget for the general fund, special revenue funds, 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, 2018 in the following departments for the general fund:

	<u>General Fund</u>
Legislative	\$ 2,534
Executive	72,301
Elections	3,732
Financial administration	16,795
Tax commissioner	35,289
Equalization	413
Public buildings	23,695
State court	1,759
Probate court	4,397
Sheriff	30,771
Animal control	47,920
Emergency management	3,673
Solid waste	57,188
Health department	366
Hospital	33,372
Community services	40
Recreation department	1,901
Library	1,595
Conservation	10

The overexpenditures in these areas were funded by underexpenditures in other areas and excess revenues over amounts budgeted.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Expenditures exceeded appropriations in the following special revenue funds and these overexpenditures were funded by additional revenues over amounts budgeted and/or by available fund balance.

	<u>Overexpenditures</u>
E-911 Fund	\$ 230,191
Jail Store Fund	10,083
Law Library Fund	2,611

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, 2018, the carrying amount of the County's deposits (checking and certificates of deposit) was \$6,942,249 and the bank balance was \$7,101,650. Of the bank balance, \$902,384 was covered by federal depository insurance and \$6,199,266 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 \$34,798. The Authority had no uncollateralized cash balances at December 31, 2017.

The carrying amount of deposits for the Candler County Board of Health was \$565,199 and the bank balance was \$232,428, 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 20th 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, 2018, property taxes were levied on October 26, 2017, and were due January 20, 2018.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County had no interfund transfers during the year ended June 30, 2018 and no interfund balances existed as of June 30, 2018.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance 7/1/2017	Additions	Deductions	Balance 6/30/2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 141,582	\$ 63,009	-	\$ 204,591
Construction in progress	420,467	76,548	\$ 386,601	110,414
Total capital assets not being depreciated	<u>562,049</u>	<u>139,557</u>	<u>386,601</u>	<u>315,005</u>
Capital assets being depreciated:				
Buildings and improvements	7,448,004	502,093	-	7,950,097
Machinery and equipment	5,757,370	375,482	269,501	5,863,351
Infrastructure	2,227,534	937,483	-	3,165,017
Land improvements	2,989,671	26,128	-	3,015,799
Total capital assets being depreciated	<u>18,422,579</u>	<u>1,841,186</u>	<u>269,501</u>	<u>19,994,264</u>
Total capital assets	<u>18,984,628</u>	<u>1,980,743</u>	<u>656,102</u>	<u>20,309,269</u>
Accumulated depreciation:				
Buildings and improvements	2,456,628	180,325	-	2,636,953
Machinery and equipment	3,130,881	585,287	261,432	3,454,736
Infrastructure	235,448	182,055	-	417,503
Land improvements	2,224,607	116,095	-	2,340,702
Total accumulated depreciation	<u>8,047,564</u>	<u>1,063,762</u>	<u>261,432</u>	<u>8,849,894</u>
Governmental activities capital assets, net	<u>\$ 10,937,064</u>	<u>\$ 916,981</u>	<u>\$ 394,670</u>	<u>\$ 11,459,375</u>

Governmental activities depreciation expense:

General government	\$ 113,512
Judicial	626
Public safety	247,283
Public works	675,892
Housing and development	139
Culture and recreation	<u>26,310</u>
Total governmental activities depreciation expense	<u>\$ 1,063,762</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 7/1/2017	Additions	Deductions	Balance 6/30/2018
Component unit - Candler County Board of Health:				
Capital assets being depreciated:				
Equipment	\$ 8,636	-	1,011	\$ 7,625
Accumulated depreciation:				
Equipment	8,636	-	1,011	7,625
Component unit capital assets, net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
	Balance 1/1/2017, As restated	Additions	Deductions	Balance 12/31/2017
Component unit - Candler County Hospital Authority:				
Capital assets not being depreciated:				
Land	\$ 168,940	-	-	\$ 168,940
Construction in progress	720	-	\$ 720	-
Total capital assets not being depreciated	<u>169,660</u>	<u>-</u>	<u>720</u>	<u>168,940</u>
Capital assets being depreciated:				
Land improvements	148,884	-	-	148,884
Buildings	6,808,859	\$ 176,252	-	6,985,111
Equipment	9,744,520	117,849	-	9,862,369
Total capital assets being depreciated	<u>16,702,263</u>	<u>294,101</u>	<u>-</u>	<u>16,996,364</u>
Total capital assets	<u>16,871,923</u>	<u>294,101</u>	<u>720</u>	<u>17,165,304</u>
Less accumulated depreciation	<u>12,961,241</u>	<u>769,412</u>	<u>-</u>	<u>13,730,653</u>
Component unit capital assets, net	<u>\$ 3,910,682</u>	<u>\$ (475,311)</u>	<u>\$ 720</u>	<u>\$ 3,434,651</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

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 \$136,512 and \$360,863, respectively, for the year ended June 30, 2018.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018:

<u>Year ending June 30</u>	
2019	108,627
2020	108,626
2021	109,196
Total minimum lease payments	326,449
Less amount representing interest	14,469
Present value of future minimum lease payments	<u>\$ 311,980</u>

NOTE 8 – SHORT TERM NOTE PAYABLE

In May 2018, a \$197,750 line of credit from Queensborough National Bank and Trust Company was secured by the County to provide additional funds to the Candler County Hospital Authority. All line of credit draws and accrued interest are to be repaid by the Candler County Hospital Authority. As of June 30, 2018, \$0 was drawn on the line of credit. The line of credit has an interest rate of 5.50% and a maturity date of July 24, 2018.

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Note payable	<u>\$ -</u>	<u>\$ 197,750</u>	<u>\$ 197,750</u>	<u>\$ -</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2018 consisted of the following:

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 \$ 168,750

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

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 25,000	\$ -	\$ 25,000
2020	25,000	-	25,000
2021	25,000	-	25,000
2022	25,000	-	25,000
2023	25,000	-	25,000
2024 - 2025	43,750	-	43,750
Total	<u><u>\$ 168,750</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 168,750</u></u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – NOTES PAYABLE (Continued)

Component Unit - Candler County Hospital Authority

Notes payable at December 31, 2017 consisted of the following:

Note payable to Candler County, Georgia, incurring interest at the imputed rate of 4.00%, unsecured.	\$1,324,751
Revenue Anticipation Certificate, Series 2013A with Queensborough National Bank dated November 5, 2013. Payable in 60 monthly payments of approximately \$9,000, including interest at the fixed rate of 2.90%. Secured by the net revenues of the Authority.	97,734
Taxable Note, Series 2014 with Queensborough National Bank dated December 17, 2014. Payable in 120 monthly payments of approximately \$35,000 including interest at the fixed rate of 4.15% through January 2017. Beginning with the February 2017 payment, interest will be accrued at the <i>Wall Street Journal</i> prime rate, plus 0.50%, adjusted daily. Secured by property of the Authority.	2,574,179
Note Payable to Partnersfirst Management, LLC dated December 31, 2013. As of December 31, 2016, the Authority was in default under the note agreement due to not making the scheduled payments and held the position that the Authority should not pay the balance due to alleged mismanagement by Partnersfirst. Partnersfirst filed suit against the Authority in an attempt to collect the outstanding balance on the note. In July 2017, the suit was settled for \$180,000, payable by a lump sum of \$50,000 at the time of settlement, and 26 monthly payments of \$5,000 at 0% interest.	100,000
Promissory Note to United States Department of Agriculture (USDA) dated March 17, 2014. Payable in 120 monthly payments of approximately \$10,000 including interest at the fixed rate of 3.50%, secured by a pledge of various medical equipment.	589,646
Capital lease obligations, at varying rates of imputed interest from 5.70% to 8.86%, collateralized by leased equipment with an unamortized cost of approximately \$439,000.	319,986
	<u>\$5,006,296</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
2018	\$ 2,049,463	\$ 163,832	2,213,295
2019	517,725	129,993	647,718
2020	494,393	106,994	601,387
2021	503,898	83,001	586,899
2022	482,685	60,126	542,811
2023-2025	958,132	58,129	1,016,261
Total	<u>\$ 5,006,296</u>	<u>\$ 602,075</u>	<u>\$ 5,608,371</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, 2018, the estimated liability for landfill closure and post closure care costs is \$2,643,754 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 \$908,384 for the operating landfill as the remaining estimated capacity is filled. Used capacity for the operating Phase Two landfill is estimated to be 71.76% with an estimated remaining useful life of 13 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

Governmental Activities:	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due In One Year
Compensated absences payable	\$ 139,479	-	\$ 8,107	\$ 131,372	\$ 26,274
Landfill closure & post closure care costs	2,493,840	\$ 149,914	-	2,643,754	-
Capital leases payable	411,332	-	99,352	311,980	101,451
Notes payable	193,750	-	25,000	168,750	25,000
Total Governmental Activities	<u>\$ 3,238,401</u>	<u>\$ 149,914</u>	<u>\$ 132,459</u>	<u>\$ 3,255,856</u>	<u>\$ 152,725</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, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due In One Year
Compensated absences	<u>\$ 19,602</u>	<u>\$ 9,537</u>	<u>\$ 9,801</u>	<u>\$ 19,338</u>	<u>\$ 9,669</u>

Component Unit - Candler County Hospital Authority

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Amounts Due In One Year
Notes payable	<u>\$ 5,592,820</u>	<u>\$ 81,900</u>	<u>\$ 668,424</u>	<u>\$ 5,006,296</u>	<u>\$ 2,049,463</u>

NOTE 12 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2018, 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>\$ 76,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 76,438</u>
Restricted:					
E-911	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 260,409</u>	<u>260,409</u>
Roads	<u>-</u>	<u>-</u>	<u>\$ 690,213</u>	<u>405,954</u>	<u>1,096,167</u>
Jail store	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,706</u>	<u>102,706</u>
Law library	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,197</u>	<u>19,197</u>
Drug education	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,917</u>	<u>46,917</u>
Hospital debt service	<u>48,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,345</u>
Capital projects	<u>-</u>	<u>\$ 987,312</u>	<u>-</u>	<u>-</u>	<u>987,312</u>
Total restricted	<u>48,345</u>	<u>987,312</u>	<u>690,213</u>	<u>835,183</u>	<u>2,561,053</u>
Assigned:					
Landfill closure and post closure care costs	<u>1,548,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,548,737</u>
Subsequent year's budget	<u>506,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,038</u>
Total assigned	<u>2,054,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,054,775</u>
Unassigned	<u>3,200,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200,074</u>
Total fund balances	<u>\$ 5,379,632</u>	<u>\$ 987,312</u>	<u>\$ 690,213</u>	<u>\$ 835,183</u>	<u>\$ 7,892,340</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

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. The retirement contributions for the year ended June 30, 2018 were \$48,888. Contributions are fully vested to employees after 10 years of continuous service.

At June 30, 2018, the Board of Health reported \$273,978 as a liability for its proportionate share of the net pension liabilities. For the year ended June 30, 2018, the Board of Health recognized pension expense of \$14,303.

Candler County Hospital Authority (component unit)

The Candler County Hospital Authority maintains a defined contribution retirement plan covering substantially all full-time employees. Employees are immediately vested 100% in all funds under the plan. Matching contributions have been suspended by the Authority. The contributions made by the Authority for the year ended December 31, 2017 were \$0. The Authority had no outstanding liability related to the plan at December 31, 2017.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLANS (Continued)

The Authority has also established a deferred compensation plan that is offered to limited employees. The Authority makes no matching contributions and employees are immediately 100% vested in all funds under the plan. As of December 31, 2017, the Authority had no outstanding liability related to the plan.

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

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – CONTINGENCIES (Continued)

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 Hospital Authority (component unit) – Going Concern

The Authority reported a decrease in net position the last five years including decreases of \$586,363 and \$1,886,474 in 2017 and 2016, respectively. The Authority has a net position deficiency (liabilities exceed assets) of \$6,082,964 at December 31, 2017. The Authority's current liabilities exceed its current assets by \$6,573,158 at December 31, 2017. These issues raise substantial doubt about the Authority's ability to continue as a going concern. The Authority's plans to improve its financial position are as follows:

Financial Support from Candler County

Beginning with the 2017 property tax collections, Candler County is subsidizing the Authority's long-term debt obligations to Queensborough National Bank with a one mil property tax. Also, with the 2018 SPLOST collections that began effective April, 2018, the County is allocating 20% of the monthly collections to retire the Authority's long-term debt. Candler County and the Authority are continuing negotiations for other support opportunities for the Hospital.

Long-Term Debt Consolidation

The Authority is actively seeking funding to refinance outstanding debt through the USDA in an effort to consolidate and extend the repayment periods of current debt and to reduce the current annual debt service obligations.

Managed Care Contract Negotiations

The Authority is currently negotiating the current payment agreements with commercial insurance carriers in an effort to increase the reimbursement received for services rendered. The Authority successfully renegotiated the payment agreement with Blue Cross Blue Shield effective July 1, 2017.

Physician Recruitment and Community Needs

During 2017, the Authority assumed ownership of Candler Medical Group, a rural health clinic located on the Authority's campus which was formerly owned by a different hospital system. The Clinic was merged with the Authority's existing clinic and through the merger, the Authority added a physician and three nurse practitioners. Subsequent to year end, the Authority successfully recruited a primary care physician to the Clinic and another primary care physician opened a practice on the Authority's campus. Management also continues to work with surrounding area hospitals and physicians in an effort to increase swing-bed referrals.

Georgia Rural Hospital Tax Credit Program

The Hospital is actively participating in the Georgia Rural Hospital Tax Credit Program by educating and engaging employees, community members, and local businesses to contribute to the Hospital. As of July 31, 2018, Candler County Hospital has received approximately \$922,000 in donations for tax year 2018.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

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, 2018, 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 – PRIOR PERIOD ADJUSTMENT

Component Unit – Candler County Board of Health

In conformity with GAAP, as set forth in the Statement of Governmental Standards No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the beginning Government-wide net position was restated in the amount of \$14,458 to record the effects of recognizing OPEB liabilities not previously recorded.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 10, 2019, which is the date the financial statements were available to be issued.

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

	Drug Abuse Treatment and Education Fund	E-911 Fund	Jail Store Fund	Law Library	Local Maintenance and Improvement Grant Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash	\$ 46,667	\$ 116,006	\$ 97,776	\$ 19,401	\$ 405,954	\$ 685,804
Certificate of deposit	-	151,478	-	-	-	151,478
Receivables:						
Accounts	-	16,879	4,930	-	-	21,809
Intergovernmental	250	-	-	-	-	250
Interest	-	1,281	-	-	-	1,281
TOTAL ASSETS	<u>\$ 46,917</u>	<u>\$ 285,644</u>	<u>\$ 102,706</u>	<u>\$ 19,401</u>	<u>\$ 405,954</u>	<u>\$ 860,622</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	-	\$ 25,235	-	\$ 204	-	\$ 25,439
Total liabilities	<u>-</u>	<u>25,235</u>	<u>-</u>	<u>204</u>	<u>-</u>	<u>25,439</u>
Fund balance:						
Restricted	\$ 46,917	260,409	\$ 102,706	19,197	\$ 405,954	835,183
Total fund balance	<u>46,917</u>	<u>260,409</u>	<u>102,706</u>	<u>19,197</u>	<u>405,954</u>	<u>835,183</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 46,917</u>	<u>\$ 285,644</u>	<u>\$ 102,706</u>	<u>\$ 19,401</u>	<u>\$ 405,954</u>	<u>\$ 860,622</u>

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

	Drug Abuse Treatment and Education Fund	E-911 Fund	Jail Store Fund	Law Library	Local Maintenance and Improvement Grant Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Charges for services	-	\$ 158,933	\$ 27,857	-	-	\$ 186,790
Fees, fines and forfeitures	\$ 4,377	-	-	\$ 7,563	-	11,940
Intergovernmental	-	-	-	-	\$ 405,747	405,747
Interest	-	1,880	-	-	207	2,087
Total revenues	<u>4,377</u>	<u>160,813</u>	<u>27,857</u>	<u>7,563</u>	<u>405,954</u>	<u>606,564</u>
EXPENDITURES						
Current:						
Public safety	1,516	365,191	61	-	-	366,768
Judicial	-	-	-	2,611	-	2,611
Capital outlay	-	-	10,022	-	360,345	370,367
Total expenditures	<u>1,516</u>	<u>365,191</u>	<u>10,083</u>	<u>2,611</u>	<u>360,345</u>	<u>739,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,861	(204,378)	17,774	4,952	45,609	(133,182)
FUND BALANCE, JULY 1, 2017	<u>44,056</u>	<u>464,787</u>	<u>84,932</u>	<u>14,245</u>	<u>360,345</u>	<u>968,365</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 46,917</u>	<u>\$ 260,409</u>	<u>\$ 102,706</u>	<u>\$ 19,197</u>	<u>\$ 405,954</u>	<u>\$ 835,183</u>

CANDLER COUNTY, GEORGIA
DRUG ABUSE TREATMENT AND EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ 5,000	\$ 4,377	\$ (623)
EXPENDITURES			
Current:			
Public safety	5,000	1,516	3,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	2,861	<u>\$ 2,861</u>
FUND BALANCE, BEGINNING OF YEAR		<u>44,056</u>	
FUND BALANCE, END OF YEAR		<u>\$ 46,917</u>	

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 170,000	\$ 158,933	\$ (11,067)
Interest	-	1,880	1,880
Total revenues	170,000	160,813	(9,187)
EXPENDITURES			
Current:			
Public safety	135,000	365,191	(230,191)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 35,000</u>	(204,378)	<u>\$ (239,378)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>464,787</u>	
FUND BALANCE, END OF YEAR		<u>\$ 260,409</u>	

CANDLER COUNTY, GEORGIA
JAIL STORE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 27,857	\$ 27,857
EXPENDITURES			
Current:			
Public safety	-	61	(61)
Capital Outlay	-	10,022	(10,022)
	-	10,083	(10,083)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	17,774	\$ 17,774
FUND BALANCE, BEGINNING OF YEAR		84,932	
FUND BALANCE, END OF YEAR		\$ 102,706	

CANDLER COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, fines and forfeitures	\$ -	\$ 7,563	\$ 7,563
EXPENDITURES			
Current:			
Judicial	-	2,611	(2,611)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>4,952</u>	<u>\$ 4,952</u>
FUND BALANCE, BEGINNING OF YEAR		<u>14,245</u>	
FUND BALANCE, END OF YEAR		<u>\$ 19,197</u>	

CANDLER COUNTY, GEORGIA
LOCAL MAINTENANCE AND IMPROVEMENT GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 380,000	\$ 405,747	\$ 25,747
Interest	-	207	207
Total revenues	380,000	405,954	25,954
EXPENDITURES			
Capital Outlay	678,285	360,345	317,940
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (298,285)</u>	45,609	<u>\$ 343,894</u>
FUND BALANCE, BEGINNING OF YEAR		<u>360,345</u>	
FUND BALANCE, END OF YEAR		<u>\$ 405,954</u>	

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

	<u>Tax Commissioner</u>	<u>Probate Court</u>	<u>Clerk of Courts</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Totals</u>
ASSETS						
Cash	<u>\$ 300,639</u>	<u>\$ 2,136</u>	<u>\$ 32,135</u>	<u>\$ 29,189</u>	<u>\$ 86,019</u>	<u>\$ 450,118</u>
LIABILITIES						
Due to other entities and individuals	<u>\$ 300,639</u>	<u>\$ 2,136</u>	<u>\$ 32,135</u>	<u>\$ 29,189</u>	<u>\$ 86,019</u>	<u>\$ 450,118</u>

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

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Tax Commissioner				
Assets				
Cash	\$ 443,522	\$ 11,870,635	\$ 12,013,518	\$ 300,639
Liabilities				
Due to other entities and individuals	\$ 443,522	\$ 11,870,635	\$ 12,013,518	\$ 300,639
Probate Court				
Assets				
Cash	\$ 1,944	\$ 60,842	\$ 60,650	\$ 2,136
Liabilities				
Due to other entities and individuals	\$ 1,944	\$ 60,842	\$ 60,650	\$ 2,136
Clerk of Courts				
Assets				
Cash	\$ 24,582	\$ 707,908	\$ 700,355	\$ 32,135
Liabilities				
Due to other entities and individuals	\$ 24,582	\$ 707,908	\$ 700,355	\$ 32,135
Magistrate Court				
Assets				
Cash	\$ 14,634	\$ 137,021	\$ 122,466	\$ 29,189
Liabilities				
Due to other entities and individuals	\$ 14,634	\$ 137,021	\$ 122,466	\$ 29,189
Sheriff				
Assets				
Cash	\$ 50,525	\$ 78,221	\$ 42,727	\$ 86,019
Liabilities				
Due to other entities and individuals	\$ 50,525	\$ 78,221	\$ 42,727	\$ 86,019
Total Agency Funds				
Assets				
Cash	\$ 535,207	\$ 12,854,627	\$ 12,939,716	\$ 450,118
Liabilities				
Due to other entities and individuals	\$ 535,207	\$ 12,854,627	\$ 12,939,716	\$ 450,118

CANDLER COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 184,639	\$ 86,831	\$ 271,470	47%
Recreation department projects	260,000	260,000	205,273	26,394	231,667	89%
Retirement of prior year debt	303,320	306,502	306,502	-	306,502	100%
Public works projects	15,000	15,000	559	-	559	4%
Road maintenance/improvements	469,930	469,930	22,000	-	22,000	5%
New equipment	2,408,750	2,408,750	1,898,290	474,419	2,372,709	99%
Candler County Industrial Authority	500,000	500,000	-	500,000	500,000	100%
City of Metter	2,880,000	2,883,410	2,716,677	166,733	2,883,410	100%
Town of Pulaski	288,000	288,331	271,658	16,673	288,331	100%
	<u>\$ 7,700,000</u>	<u>\$ 7,706,923</u>	<u>\$ 5,605,598</u>	<u>\$ 1,271,050</u>	<u>\$ 6,876,648</u>	<u>89%</u>

2018 Special Sales Tax

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Retirement of general obligation debt	\$ 1,600,000	\$ 1,600,000	\$ -	\$ 62,860	\$ 62,860	4%
Capital improvements and equipment for County buildings	200,000	200,000	-	-	-	0%
Roads and bridges	1,424,000	1,424,000	-	-	-	0%
Recreation department projects	250,000	250,000	-	-	-	0%
Public works projects including solid waste collection/disposal	50,000	50,000	-	-	-	0%
Sheriff's department projects	250,000	250,000	-	-	-	0%
Radio communication equipment	720,000	720,000	-	-	-	0%
County general vehicles	150,000	150,000	-	-	-	0%
Computer equipment	20,000	20,000	-	-	-	0%
Public safety projects	240,000	240,000	-	-	-	0%
Candler County Industrial Authority	500,000	500,000	-	-	-	0%
City of Metter	2,360,000	2,360,000	-	100,575	100,575	4%
Town of Pulaski	236,000	236,000	-	10,057	10,057	4%
	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 173,492</u>	<u>\$ 173,492</u>	<u>2%</u>

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

To the Board of Commissioners
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, 2018, 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 10, 2019. 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the deficiency in internal control, described below, that we consider to be a significant deficiency.

2018-1 Tax Commissioner's Office – Unidentified funds

The Tax Commissioner's Office has accumulated approximately \$108,000 of unidentified funds from prior years. Staff members should try to identify the sources of these accumulated funds and determine how the funds should be distributed or seek direction from the County attorney on how to disburse the unidentified funds.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, Dahl & Proctor

Statesboro, Georgia
January 10, 2019