

CANDLER COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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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 business-type 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, 2013, 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 3.2% and 4.0% 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 47.6% and 6.9% 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 3.2% and 4.0% 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 47.6% and 6.9% 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 involved for the Candler County Board of Health and 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 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 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 13, 2014, 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.

Thigpen, Lanier, Waterfield + Deal

Statesboro, Georgia
January 13, 2014

CANDLER COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Candler County Board of Health	Candler County Hospital Authority
ASSETS					
Current Assets:					
Cash	\$ 5,281,000	\$ -	\$ 5,281,000	\$ 503,756	\$ 496,928
Certificates of deposit	783,402	-	783,402	-	-
Receivables:					
Accounts	105,635	-	105,635	-	3,659,988
Taxes	863,491	-	863,491	-	-
Intergovernmental	157,434	-	157,434	-	-
Other	7,638	-	7,638	-	-
Prepaid items	73,833	-	73,833	-	-
Supplies inventory	-	-	-	-	248,811
Other current assets	-	-	-	-	428,426
Capital Assets:					
Nondepreciable capital assets	540,444	-	540,444	-	495,112
Depreciable capital assets, net	7,878,874	-	7,878,874	4,424	2,132,489
Total Assets	15,691,751	-	15,691,751	508,180	7,461,754
LIABILITIES					
Current Liabilities:					
Accounts payable	586,824	-	586,824	-	2,451,449
Accrued payroll	67,087	-	67,087	-	-
Other accrued expenses	-	-	-	-	622,732
Unearned revenue	1,035	-	1,035	-	-
Compensated absences payable	-	-	-	-	-
Notes payable	58,013	-	58,013	7,641	838,484
Capital leases payable	69,252	-	69,252	-	-
Estimated third-party payor settlements	-	-	-	-	1,904,540
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	114,220	-	114,220	7,641	-
Notes payable (net of current portion)	393,976	-	393,976	-	329,163
Capital leases payable (net of current portion)	145,651	-	145,651	-	-
Estimated third-party payor settlements (net of current portion)	-	-	-	-	467,971
Landfill closure and postclosure care costs	1,912,960	-	1,912,960	-	-
Total Liabilities	3,349,018	-	3,349,018	15,282	6,614,339
NET POSITION					
Net investment in capital assets	7,752,426	-	7,752,426	4,424	2,209,499
Restricted for:					
Capital projects	738,381	-	738,381	-	-
Other purposes	546,927	-	546,927	87,804	-
Unrestricted	3,304,999	-	3,304,999	400,670	(1,362,084)
Total Net Position	\$ 12,342,733	\$ -	\$ 12,342,733	\$ 492,898	\$ 847,415

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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	Governmental Activities	Primary Government Business-Type Activities	Total	Candler County Board of Health	Candler County Hospital Authority
Primary Government									
General government	\$ 1,173,836	\$ 179,316	\$ 1,608	-	\$ (992,912)	-	\$ (992,912)		
Judicial	649,686	122,568	1,599	-	(525,519)	-	(525,519)		
Public safety	2,396,653	1,365,340	45,000	-	(986,313)	-	(986,313)		
Public works	1,950,920	798,108	-	\$ 323,913	(828,899)	-	(828,899)		
Health and welfare	81,320	-	-	-	(81,320)	-	(81,320)		
Community services	584,931	-	-	-	(584,931)	-	(584,931)		
Culture and recreation	289,621	-	-	-	(289,621)	-	(289,621)		
Housing and development	174,732	-	-	-	(174,732)	-	(174,732)		
Interest	16,833	-	-	-	(16,833)	-	(16,833)		
Total Governmental Activities	7,318,532	2,465,332	48,207	323,913	(4,481,080)	-	(4,481,080)		
Business-Type Activities									
Public Building Authority	2,599	8,531	-	-	-	\$ 5,932	5,932		
Total - Primary Government	7,321,131	2,473,863	48,207	323,913	(4,481,080)	5,932.0	(4,475,148)		
Component Units:								\$ (3,799)	\$ -
Candler County Board of Health	\$ 379,315	\$ 87,806	\$ 287,710	\$ -				\$ -	\$ (626,038)
Candler County Hospital Authority	15,737,242	14,132,512	-	978,692				(3,799)	(626,038)
Total Component Units	16,116,557	14,220,318	287,710	978,692					
General Revenues									
Property taxes levied for general purposes					2,465,676	-	2,465,676		
Sales taxes					2,085,753	-	2,085,753		
Insurance premium tax					295,004	-	295,004		
Other taxes					174,988	-	174,988		
Gain on sale of capital assets					7,000	-	7,000		5,875
Interest earned					6,909	-	6,909		11,807
Miscellaneous					36,258	-	36,258		-
Total General Revenues					5,071,588	-	5,071,588	-	17,682
Transfers					223,871	(223,871)	-	-	-
Total General Revenues and Transfers					5,295,459	(223,871)	5,071,588	-	17,682
Change in Net Position					814,379	(217,939)	596,440	(3,799)	(608,356)
Net Position, July 1, 2012, As restated					11,528,354	217,939	11,746,293	496,697	1,455,771
Net Position, June 30, 2013					\$ 12,342,733	-	\$ 12,342,733	\$ 492,898	\$ 847,415

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,760,893	\$ 1,112,900	\$ 84,675	\$ 322,532	\$ 5,281,000
Certificates of deposit	635,188	-	-	148,214	783,402
Receivables:					
Accounts	77,935	-	-	27,700	105,635
Taxes	863,491	-	-	-	863,491
Intergovernmental	33,104	106,989	17,341	-	157,434
Other	7,638	-	-	-	7,638
Due from other funds	229,291	-	-	-	229,291
Prepaid items	73,833	-	-	-	73,833
TOTAL ASSETS	<u>\$ 5,681,373</u>	<u>\$ 1,219,889</u>	<u>\$ 102,016</u>	<u>\$ 498,446</u>	<u>\$ 7,501,724</u>
LIABILITIES					
Accounts payable	\$ 193,276	\$ 393,196	-	\$ 352	\$ 586,824
Accrued payroll	67,087	-	-	-	67,087
Due to other funds	-	190,328	-	38,963	229,291
Unearned revenue	1,035	-	-	-	1,035
TOTAL LIABILITIES	<u>261,398</u>	<u>583,524</u>	<u>-</u>	<u>39,315</u>	<u>884,237</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	721,748	-	-	-	721,748
FUND BALANCES					
Nonspendable	73,833	-	-	-	73,833
Restricted	87,796	636,365	\$ 102,016	459,131	1,285,308
Assigned	1,034,828	-	-	-	1,034,828
Unassigned	3,501,770	-	-	-	3,501,770
TOTAL FUND BALANCES	<u>4,698,227</u>	<u>636,365</u>	<u>102,016</u>	<u>459,131</u>	<u>5,895,739</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,681,373</u>	<u>\$ 1,219,889</u>	<u>\$ 102,016</u>	<u>\$ 498,446</u>	<u>\$ 7,501,724</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, 2013

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

Total Governmental Fund Balances \$ 5,895,739

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

Cost	\$ 14,228,589	
Less accumulated depreciation	<u>(5,809,271)</u>	8,419,318

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		721,748
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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	\$ 229,291	
Interfund payables	<u>(229,291)</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	\$ (214,903)	
Notes payable	(451,989)	
Landfill closure and postclosure care costs	(1,912,960)	
Compensated absences	<u>(114,220)</u>	<u>(2,694,072)</u>

Net Position Of Governmental Activities		<u>\$ 12,342,733</u>
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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, 2013

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,598,410	\$ 1,329,206	\$ 105,238	\$ -	\$ 5,032,854
Licenses and permits	138,484	-	-	-	138,484
Charges for services	1,708,152	-	-	173,899	1,882,051
Fees, fines and forfeitures	437,168	-	-	7,629	444,797
Intergovernmental	372,120	-	-	-	372,120
Interest	4,933	1,737	28	211	6,909
Other	47,269	-	-	-	47,269
Total revenues	<u>6,306,536</u>	<u>1,330,943</u>	<u>105,266</u>	<u>181,739</u>	<u>7,924,484</u>
EXPENDITURES					
Current:					
General government	1,095,516	-	-	-	1,095,516
Judicial	649,045	-	-	4,454	653,499
Public safety	2,127,862	-	-	127,045	2,254,907
Public works	1,635,315	-	-	-	1,635,315
Health and welfare	81,320	-	-	-	81,320
Culture and recreation	144,747	-	-	-	144,747
Housing and development	171,148	-	-	-	171,148
Capital outlay	-	961,650	3,250	-	964,900
Debt service:					
Principal	56,224	63,959	-	-	120,183
Interest	9,403	11,871	-	-	21,274
Intergovernmental	-	729,806	-	-	729,806
Total expenditures	<u>5,970,580</u>	<u>1,767,286</u>	<u>3,250</u>	<u>131,499</u>	<u>7,872,615</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>335,956</u>	<u>(436,343)</u>	<u>102,016</u>	<u>50,240</u>	<u>51,869</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	9,000	-	-	-	9,000
Transfers in	81,260	-	-	-	81,260
Total other financing sources (uses)	<u>90,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,260</u>
NET CHANGE IN FUND BALANCES	<u>426,216</u>	<u>(436,343)</u>	<u>102,016</u>	<u>50,240</u>	<u>142,129</u>
FUND BALANCES, JULY 1, 2012, AS RESTATED	<u>4,272,011</u>	<u>1,072,708</u>	<u>-</u>	<u>408,891</u>	<u>5,753,610</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 4,698,227</u>	<u>\$ 636,365</u>	<u>\$ 102,016</u>	<u>\$ 459,131</u>	<u>\$ 5,895,739</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, 2013

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

Net Changes In Fund Balances - Total Governmental Funds	\$ 142,129
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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	\$ (515,397)	
	Capital outlay	<u>1,002,836</u>	487,439

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 6/30/13	721,748	
	Unavailable revenue at 6/30/12	<u>(733,181)</u>	(11,433)

Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.	(13,009)
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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.	120,183
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Transfers out of fixed assets and long-term debt from the enterprise fund are not reflected in the governmental funds.	142,611
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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.	<u>(53,541)</u>
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Change In Net Position of Governmental Activities	<u>\$ 814,379</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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,422,000	\$ 2,422,000	\$ 2,477,109	\$ 55,109
Local option sales tax	650,000	650,000	651,309	1,309
Alcoholic beverage	82,000	82,000	70,512	(11,488)
Insurance premium	275,000	275,000	295,004	20,004
Other	93,000	93,000	104,476	11,476
Licenses and permits	139,450	139,450	138,484	(966)
Charges for services	1,826,460	1,826,460	1,708,152	(118,308)
Fees, fines and forfeitures	315,600	315,600	437,168	121,568
Intergovernmental	56,500	56,500	372,120	315,620
Interest	1,000	1,000	4,933	3,933
Other	25,800	25,800	47,269	21,469
Total revenues	5,886,810	5,886,810	6,306,536	419,726
EXPENDITURES				
Current:				
General government:				
Legislative	45,100	45,100	64,394	(19,294)
Executive	163,690	163,690	143,209	20,481
Elections	111,042	111,042	116,147	(5,105)
Financial administration	281,659	281,659	236,644	45,015
Tax commissioner	221,054	221,054	227,943	(6,889)
Tax assessor	259,265	259,265	247,100	12,165
Equalization	1,500	1,500	2,217	(717)
Public buildings	58,974	58,974	57,863	1,111
Total general government	1,142,284	1,142,284	1,095,516	46,768
Judicial:				
Superior Court	195,492	195,492	171,613	23,879
Clerk of Court	165,194	165,194	165,739	(545)
State Court	97,276	97,276	96,245	1,031
Magistrate Court	130,675	130,675	128,669	2,006
Probate Court	93,907	94,357	86,779	7,578
Total judicial	682,544	682,994	649,045	33,949
Public safety:				
Sheriff	751,285	751,285	705,513	45,772
Detention center	569,542	569,542	490,493	79,049
School drug program	4,815	4,815	6,716	(1,901)
Fire protection	142,244	142,244	142,244	-
Emergency medical service	784,159	784,159	719,913	64,246
Coroner	17,982	17,982	16,806	1,176
Animal control	35,528	35,528	35,528	-
Emergency management	11,787	11,787	10,649	1,138
Total public safety	\$ 2,317,342	\$ 2,317,342	\$ 2,127,862	\$ 189,480

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Public works:				
Roads and bridges	\$ 967,792	\$ 967,792	\$ 995,805	\$ (28,013)
Solid waste	812,601	812,601	639,510	173,091
Total public works	<u>1,780,393</u>	<u>1,780,393</u>	<u>1,635,315</u>	<u>145,078</u>
Health and welfare:				
Health department	82,500	82,500	75,750	6,750
Public education	5,570	5,570	5,570	-
Total health and welfare	<u>88,070</u>	<u>88,070</u>	<u>81,320</u>	<u>6,750</u>
Culture and recreation:				
Recreation department	92,300	92,300	92,300	-
Community center	12,291	12,291	11,112	1,179
Library	40,722	40,722	41,335	(613)
Total culture and recreation	<u>145,313</u>	<u>145,313</u>	<u>144,747</u>	<u>566</u>
Housing and development:				
Conservation	9,538	9,338	8,415	923
Agricultural resources	87,070	87,070	86,889	181
Economic development	52,530	52,730	35,020	17,710
Airport	27,196	27,196	26,151	1,045
Economic opportunities	16,222	16,222	4,673	11,549
Community action programs	10,000	10,000	10,000	-
Total housing and development	<u>202,556</u>	<u>202,556</u>	<u>171,148</u>	<u>31,408</u>
Debt service:				
Principal	37,474	37,474	56,224	(18,750)
Interest	9,903	10,403	9,403	1,000
Total debt service	<u>47,377</u>	<u>47,877</u>	<u>65,627</u>	<u>(17,750)</u>
Total expenditures	<u>6,405,879</u>	<u>6,406,829</u>	<u>5,970,580</u>	<u>436,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(519,069)</u>	<u>(520,019)</u>	<u>335,956</u>	<u>855,975</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	9,000	9,000	9,000	-
Transfers in	-	-	81,260	81,260
Total other financing sources (uses)	<u>9,000</u>	<u>9,000</u>	<u>90,260</u>	<u>81,260</u>
NET CHANGE IN FUND BALANCE	<u>\$ (510,069)</u>	<u>\$ (511,019)</u>	<u>426,216</u>	<u>\$ 937,235</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED			<u>4,272,011</u>	
FUND BALANCE, END OF YEAR			<u>\$ 4,698,227</u>	

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES	
Rental income	\$ 8,531
OPERATING EXPENSES	
Depreciation	<u>2,599</u>
OPERATING INCOME	5,932
NONOPERATING REVENUE (EXPENSE)	
Loss on disposition of capital assets	<u>(142,611)</u>
INCOME (LOSS) BEFORE TRANSFERS	(136,679)
Transfers out to general fund	<u>(81,260)</u>
CHANGE IN NET POSITION	(217,939)
NET POSITION, JULY 1, 2012	<u>217,939</u>
NET POSITION, JUNE 30, 2013	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants	\$ 8,531
----------------------------	----------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Transfers out to general fund	(81,260)
-------------------------------	----------

Payments on notes payable	(6,249)
---------------------------	---------

Net cash used by capital and related financing activities	<u>(87,509)</u>
---	-----------------

NET DECREASE IN CASH	(78,978)
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CASH, JULY 1, 2012	<u>78,978</u>
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CASH, JUNE 30, 2013	<u><u>\$ -</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 5,932
------------------	----------

Adjustments:

Depreciation	2,599
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Net cash provided by operating activities	<u><u>\$ 8,531</u></u>
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NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Transfer of capital assets and related debt to general fund	<u><u>\$ (142,611)</u></u>
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See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

	<u>2013</u>
ASSETS	
Cash	<u>\$ 322,176</u>
 LIABILITIES	
Due to other entities and individuals	<u>\$ 322,176</u>

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 separately audited financial statements with a fiscal year ended December 31, 2012. 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 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 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*.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

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

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

Governmental Funds – Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

Special Sales Tax Fund – This 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 fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the County.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County's proprietary fund is classified as an enterprise fund. The following was the County's only enterprise fund. All assets and liabilities were transferred out to the general fund during the fiscal year ending June 30, 2013.

Public Building Authority Fund – This fund accounted for the County's rental activities of its public building.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2013, the General Fund reported an allowance for uncollectibles of \$88,557 and \$759,140 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)

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, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the County fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in proprietary fund's statement of net position.

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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

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	50 years
Improvements other than buildings	10-35 years
Machinery and equipment	4-15 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, 2013.

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable*

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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.

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.

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

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are rents collected for the Public Building Authority. Operating expenses are necessary costs incurred to provide the goods or service that comprise the primary activity and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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

Estimates

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

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, E-911 special revenue 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 approved budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2013 in the following departments for the general fund:

	<u>General Fund</u>
Legislative	\$ 19,294
Elections	5,105
Tax Commissioner	6,889
Equalization	717
Clerk of Court	545
School drug program	1,901
Roads and bridges	28,013
Library	613
Debt Service - Principal	18,750

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 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, 2013, the carrying amount of the County's deposits (checking and certificates of deposit) was \$6,386,578 and the bank balance was \$6,480,898. Of the bank balance, \$1,455,947 was covered by federal depository insurance and \$5,024,951 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 Candler County Hospital Authority had no custodial credit risk for the year ending December 31, 2012.

The carrying amount of deposits for the Candler County Board of Health was \$503,756 and the bank balance was \$505,866, which was covered by FDIC insurance or pledged securities held in the Board of Health's name.

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, 2013, property taxes were levied on September 27, 2012, and were due December 20, 2012.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	E-911 Fund	\$ 38,963
	Special Sales Tax Fund	190,328
Total		<u>\$ 229,291</u>

Interfund balances at June 30, 2013 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers for the year ended June 30, 2013, consisted of a transfer from the Public Building Authority fund to the General Fund for \$81,260. The government-wide statement of activities reflects a transfer of \$223,871 from business-type activities to governmental activities for the transfer of capital assets and its related debt.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 137,076	\$ 13,468	\$ 3,167	\$ 147,377
Construction in progress	21,604	371,463	-	393,067
Total capital assets not being depreciated	158,680	384,931	3,167	540,444
Capital assets being depreciated:				
Buildings and improvements	6,038,307	558,886	11,796	6,585,397
Machinery and equipment	4,016,832	670,569	497,619	4,189,782
Land improvements	2,909,059	3,907	-	2,912,966
Total capital assets being depreciated	12,964,198	1,233,362	509,415	13,688,145
Total capital assets	13,122,878	1,618,293	512,582	14,228,589
Accumulated depreciation:				
Buildings and improvements	1,726,869	203,744	2,704	1,927,909
Machinery and equipment	2,275,577	287,467	413,431	2,149,613
Land improvements	1,630,655	101,094	-	1,731,749
Total accumulated depreciation	5,633,101	592,305	416,135	5,809,271
Governmental activities capital assets, net	<u>\$ 7,489,777</u>	<u>\$ 1,025,988</u>	<u>\$ 96,447</u>	<u>\$ 8,419,318</u>

Governmental activities depreciation expense:

General government	\$ 98,405
Judicial	602
Public safety	157,412
Public works	254,457
Housing and development	<u>4,521</u>
Total governmental activities depreciation expense	<u>\$ 515,397</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2013 for the County's enterprise fund was as follows:

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 13,468	\$ -	\$ 13,468	\$ -
Total capital assets not being depreciated	<u>13,468</u>	<u>-</u>	<u>13,468</u>	<u>-</u>
Capital assets being depreciated:				
Buildings & improvements	509,784	-	509,784	-
Machinery and equipment	<u>7,153</u>	<u>-</u>	<u>7,153</u>	<u>-</u>
Total capital assets being depreciated	<u>516,937</u>	<u>-</u>	<u>516,937</u>	<u>-</u>
Total capital assets	<u>530,405</u>	<u>-</u>	<u>530,405</u>	<u>-</u>
Accumulated depreciation:				
Buildings & improvements	65,452		65,452	-
Machinery and equipment	<u>7,242</u>	<u>-</u>	<u>7,242</u>	<u>-</u>
Total accumulated depreciation	<u>72,694</u>	<u>-</u>	<u>72,694</u>	<u>-</u>
Business-type capital assets, net	<u>\$ 457,711</u>	<u>\$ -</u>	<u>\$ 457,711</u>	<u>\$ -</u>

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

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
Component unit - Candler County Board of Health:				
Capital assets being depreciated:				
Equipment	\$ 70,991	\$ -	\$ -	\$ 70,991
Accumulated depreciation:				
Equipment	<u>64,560</u>	<u>2,007</u>	<u>-</u>	<u>66,567</u>
Component units capital assets, net	<u>\$ 6,431</u>	<u>\$ (2,007)</u>	<u>\$ -</u>	<u>\$ 4,424</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance 1/1/2012	Additions	Deductions	Balance 12/31/2012
Component unit - Candler County Hospital Authority:				
Capital assets not being depreciated:				
Land	\$ 168,940	\$ -	\$ -	\$ 168,940
Construction in progress	12,306	367,856	53,991	326,171
Total capital assets not being depreciated	<u>181,246</u>	<u>367,856</u>	<u>53,991</u>	<u>495,111</u>
Capital assets being depreciated:				
Land improvements	148,884	-	-	148,884
Buildings	5,554,150	41,120	-	5,595,270
Equipment	6,871,179	377,070	128,835	7,119,414
Total capital assets being depreciated	<u>12,574,213</u>	<u>418,190</u>	<u>128,835</u>	<u>12,863,568</u>
Total capital assets	<u>12,755,459</u>	<u>786,046</u>	<u>182,826</u>	<u>13,358,679</u>
Less accumulated depreciation	<u>10,443,010</u>	<u>293,944</u>	<u>5,876</u>	<u>10,731,078</u>
Governmental activities capital assets, net	<u>\$ 2,312,449</u>	<u>\$ 492,102</u>	<u>\$ 176,950</u>	<u>\$ 2,627,601</u>

NOTE 7 – CAPITAL LEASES

The County has entered into lease agreements as lessee for financing the acquisition of equipment costing \$343,350. 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.

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, 2013:

<u>Year ending June 30</u>	
2014	\$ 75,830
2015	75,830
2016	<u>75,830</u>
Total minimum lease payments	227,490
Less amount representing interest	<u>12,587</u>
Present value of future minimum lease payments	<u>\$ 214,903</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTES PAYABLE

Notes payable at June 30, 2013 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	\$ 158,239
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>293,750</u>
	<u><u>\$ 451,989</u></u>

As of June 30, 2013, annual debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 58,013	\$ 7,615	\$ 65,628
2015	66,385	5,492	71,877
2016	68,622	3,255	71,877
2017	58,969	900	59,869
2018	25,000	-	25,000
2019 - 2023	125,000	-	125,000
2024 -2025	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$ 451,989</u>	<u>\$ 17,262</u>	<u>\$ 469,251</u>

Component Unit - Candler County Hospital Authority

Notes payable at December 31, 2012 consisted of the following:

Note Payable with US Premium Finance, interest rate of 4.50%, payable in 10 monthly installments of \$6,620, unsecured. \$ 19,713

Line of credit with Branch Bank & Trust in the amount of \$100,000 (\$1,861 unused line available), interest payable monthly at prime plus 2.50% with a floor rate of 5.75%, principal payable at maturity on October 20, 2013, secured by real estate. 98,139

Note payable with Durden Banking Company, interest payable monthly at 5.00%; principal payable at maturity on May 1, 2013, secured by real estate. 300,250

Note payable with Pineland State Bank, interest rate of 65% of *Wall Street Journal* prime rate, payable in monthly installments of \$10,387, with a final payment due March 1, 2013, collateralized by real estate. 31,084

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTES PAYABLE (Continued)

Note payable with Branch Banking and Trust, interest rate of prime plus 1% with a stated minimum rate of 5.25%, payable in 24 monthly installments of \$1,882, collateralized by real estate.	41,501
Note payable with Durden Banking Company, interest rate of prime plus 1% with a stated minimum rate of 5.0%, payable in monthly installments of \$3,800 with a balloon payment due January 2015, collateralized by real estate.	223,090
Note payable with Pineland State Bank, interest rate of prime plus 1.50% with a stated minimum rate of 4.75%, payable in monthly installments of \$8,250 plus a balloon payment due in January 2014, collateralized by real estate.	158,412
Note payable with Pineland State Bank dated August 1, 2012, interest rate of 4.50%, payable in 24 monthly installments of \$8,250, final payment due on August 1, 2014, collateralized by real estate.	295,458
	<u>\$1,167,647</u>

Annual debt service requirements to maturity are as follows:

Year ending December 31	Component Unit - Hospital Authority		
	Principal	Interest	Total
2013	\$ 838,484	\$ 35,896	\$ 874,380
2014	178,094	11,114	189,208
2015	151,069	650	151,719
Total	<u>\$1,167,647</u>	<u>\$ 47,660</u>	<u>\$1,215,307</u>

NOTE 9 – 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, 2013, the estimated liability for landfill closure and post closure care costs is \$1,912,960 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 \$1,437,541 for the operating landfill as the remaining estimated capacity is filled. Used capacity for the operating Phase Two landfill is estimated to be 56.06% with an estimated remaining useful life of 21 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.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – CHANGES IN LONG-TERM DEBT

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due In One Year
Governmental Activities:					
Compensated absences payable	\$ 104,203	\$ 10,017	\$ -	\$ 114,220	\$ -
Landfill closure and post closure care costs	1,864,995	47,965	-	1,912,960	-
Capital leases payable	278,862	-	63,959	214,903	69,252
Notes payable	195,713	312,500	56,224	451,989	58,013
Total Governmental Activities	<u>\$ 2,443,773</u>	<u>\$ 370,482</u>	<u>\$ 120,183</u>	<u>\$ 2,694,072</u>	<u>\$ 127,265</u>
Business-Type Activities:					
Note payable	<u>\$ 318,750</u>	<u>\$ -</u>	<u>\$ 318,750</u>	<u>\$ -</u>	<u>\$ -</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.

Component Unit - Candler County Hospital Authority

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Amounts Due In One Year
Notes payable	<u>\$ 923,889</u>	<u>\$ 1,160,292</u>	<u>\$ 916,534</u>	<u>\$ 1,167,647</u>	<u>\$ 838,484</u>

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2013, 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	\$ 73,833	\$ -	\$ -	\$ -	\$ 73,833
Restricted:					
E-911	-	-	-	368,389	368,389
Transportation purposes	-	-	102,016	-	102,016
Jail store	-	-	-	81,635	81,635
Law library	-	-	-	9,107	9,107
Drug education	44,389	-	-	-	44,389
Jail	43,407	-	-	-	43,407
Capital projects	-	636,365	-	-	636,365
Total restricted	87,796	636,365	102,016	459,131	1,285,308
Assigned:					
Landfill closure and post closure care costs	1,034,828	-	-	-	1,034,828
Unassigned	3,501,770	-	-	-	3,501,770
Total fund balances	<u>\$ 4,698,227</u>	<u>\$ 636,365</u>	<u>\$ 102,016</u>	<u>\$ 459,131</u>	<u>\$ 5,895,739</u>

NOTE 12 – 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.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – EMPLOYEE RETIREMENT PLANS (Continued)

Candler County Board of Health (component unit)

The employees of the Candler County Board of Health participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2013 were \$24,797. Contributions are fully vested to employees after 10 years of continuous service.

Candler County Hospital Authority (component unit)

The Candler County Hospital Authority maintains a defined contribution retirement plan covering substantially all full-time employees and matches one half of eligible employee contributions up to seven percent of the employee's base pay. The retirement contributions for the year ended December 31, 2012 were approximately \$105,000.

NOTE 13 – RISK MANAGEMENT

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

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all 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.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – 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.

NOTE 15 – 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, 2013, 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 16 – PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the fund balances of governmental funds in the fund level financial statements for Jail Store Fund revenue not recognized in prior fiscal years and to set up the Law Library Fund separate from the General Fund.

	General Fund	Law Library Fund	Jail Store Fund	Total
Fund balance, June 30, 2012, as previously reported	\$ 4,277,943	\$ -	\$ -	\$ 4,277,943
Restatement to reflect Law Library as separate fund and record Jail Store Fund	(5,932)	5,932	73,000	73,000
Fund balance, July 1, 2012, as restated	<u>\$ 4,272,011</u>	<u>\$ 5,932</u>	<u>\$ 73,000</u>	<u>\$ 4,350,943</u>

Beginning net position for governmental activities for the government-wide financial statements was increased by \$73,000 to properly record the Jail Store Fund.

CANDLER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – PRIOR PERIOD ADJUSTMENTS (Continued)

Component Unit – Candler County Board of Health

A prior period adjustment was required to transfer remaining Family Planning fees from the District to the County Board of Health.

Net position, June 30, 2012, as previously reported	\$ 493,687
Transfer Family Planning fees from District to the County	<u>3,010</u>
Net position, July 1, 2012, as restated	<u>\$ 496,697</u>

NOTE 17 – SUBSEQUENT EVENT

On November 5, 2013, the Candler County Hospital Authority sold a Series 2013A Revenue Anticipation Certificate for \$502,500 and a Series 2013B Taxable Note in the amount of \$3,015,000 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 will be utilized for issuance costs and improvements at the Candler County Hospital.

The Series 2013B Taxable Note was issued 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. Monthly payments will begin in December 2013 and end in November 2018. 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.

Subsequent events were evaluated through January 13, 2014, which is the date the financial statements were available to be issued.

CANDLER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	\$ 231,438	\$ 81,635	\$ 9,459	\$ 322,532
Certificate of deposit	148,214	-	-	148,214
Accounts recievable	27,700	-	-	27,700
TOTAL ASSETS	<u>\$ 407,352</u>	<u>\$ 81,635</u>	<u>\$ 9,459</u>	<u>\$ 498,446</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	\$ 352	\$ 352
Due to other funds	\$ 38,963	-	-	38,963
Total liabilities	<u>38,963</u>	<u>-</u>	<u>352</u>	<u>39,315</u>
Fund balance:				
Restricted	368,389	\$ 81,635	9,107	459,131
Total fund balance	<u>368,389</u>	<u>81,635</u>	<u>9,107</u>	<u>459,131</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 407,352</u>	<u>\$ 81,635</u>	<u>\$ 9,459</u>	<u>\$ 498,446</u>

CANDLER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
REVENUES				
Charges for services	\$165,264	\$ 8,635	-	\$ 173,899
Fees, fines and forfeitures	-	-	\$ 7,629	7,629
Interest	211	-	-	211
Total revenues	<u>165,475</u>	<u>8,635</u>	<u>7,629</u>	<u>181,739</u>
EXPENDITURES				
Current:				
Public safety	127,045	-	-	127,045
Judicial	-	-	4,454	4,454
Total expenditures	<u>127,045</u>	<u>-</u>	<u>4,454</u>	<u>131,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,430	8,635	3,175	50,240
FUND BALANCE, JULY 1, 2012, AS RESTATED	<u>329,959</u>	<u>73,000</u>	<u>5,932</u>	<u>408,891</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 368,389</u>	<u>\$ 81,635</u>	<u>\$ 9,107</u>	<u>\$ 459,131</u>

CANDLER COUNTY, GEORGIA
E-911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 165,000	\$ 165,264	\$ 264
Interest	-	211	211
Total revenues	165,000	165,475	475
EXPENDITURES			
Current:			
Public safety	131,308	127,045	4,263
Total expenditures	131,308	127,045	4,263
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 33,692</u>	38,430	<u>\$ 4,738</u>
FUND BALANCE, BEGINNING OF YEAR		<u>329,959</u>	
FUND BALANCE, END OF YEAR		<u>\$ 368,389</u>	

CANDLER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

	<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>\$ 225,872</u>	<u>\$ 821</u>	<u>\$ 27,193</u>	<u>\$ 8,607</u>	<u>\$ 59,683</u>	<u>\$ 322,176</u>
LIABILITIES						
Due to other entities and individuals	<u>\$ 225,872</u>	<u>\$ 821</u>	<u>\$ 27,193</u>	<u>\$ 8,607</u>	<u>\$ 59,683</u>	<u>\$ 322,176</u>

CANDLER COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Tax Commissioner				
Assets				
Cash	\$ 364,430	\$ 8,332,735	\$ 8,471,293	\$ 225,872
Liabilities				
Due to other entities and individuals	\$ 364,430	\$ 8,332,735	\$ 8,471,293	\$ 225,872
Probate Court				
Assets				
Cash	\$ 3,166	\$ 56,699	\$ 59,044	\$ 821
Liabilities				
Due to other entities and individuals	\$ 3,166	\$ 56,699	\$ 59,044	\$ 821
Clerk of Courts				
Assets				
Cash	\$ 34,398	\$ 839,713	\$ 846,918	\$ 27,193
Liabilities				
Due to other entities and individuals	\$ 34,398	\$ 839,714	\$ 847,319	\$ 27,193
Magistrate Court				
Assets				
Cash	\$ 738	\$ 153,072	\$ 145,203	\$ 8,607
Liabilities				
Due to other entities and individuals	\$ 738	\$ 153,072	\$ 145,203	\$ 8,607
Sheriff				
Assets				
Cash	\$ 110,533	\$ 465,155	\$ 516,005	\$ 59,683
Liabilities				
Due to other entities and individuals	\$ 110,533	\$ 465,155	\$ 516,005	\$ 59,683
Total Agency Funds				
Assets				
Cash	\$ 513,265	\$ 9,847,374	\$ 10,038,463	\$ 322,176
Liabilities				
Due to other entities and individuals	\$ 513,265	\$ 9,847,374	\$ 10,038,463	\$ 322,176

CANDLER COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 980,547	\$ 608,952	\$ 371,595	\$ 980,547	100%
New equipment	1,250,000	1,585,209	1,283,580	301,629	1,585,209	100%
Public works project	883,000	1,747,022	1,743,522	3,500	1,747,022	100%
Drainage, roads and bridge improvements/expansions	1,850,000	1,132,947	345,694	-	345,694	31%
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>\$ 8,936,905</u>	<u>\$ 7,472,928</u>	<u>\$ 676,724</u>	<u>\$ 8,149,652</u>	<u>91%</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	-	\$ 41,655	\$ 41,655	7%
Recreation department projects	260,000	260,000	-	144,874	144,874	56%
Retirement of prior year debt	303,320	303,320	-	75,830	75,830	25%
Public works projects	15,000	15,000	-	-	-	0%
Road maintenance/improvements	469,930	469,930	-	-	-	0%
New equipment	2,408,750	2,408,750	-	243,272	243,272	10%
City of Metter	2,880,000	2,880,000	\$ 140,605	531,763	672,368	23%
Town of Pulaski	288,000	288,000	14,060	53,168	67,228	23%
	<u>\$ 7,200,000</u>	<u>\$ 7,200,000</u>	<u>\$ 154,665</u>	<u>\$ 1,090,562</u>	<u>\$ 1,245,227</u>	<u>17%</u>

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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 business-type 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, 2013, 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 13, 2014. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described below as 2013-2, 2013-3, and 2013-4 to be material weaknesses.

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. We consider the deficiencies described below as 2013-1 and 2013-5 to be significant deficiencies.

2013-1 Accurate bank reconciliations not prepared for all accounts managed by elected officials

While performing the audit, we noted accurate bank reconciliations were not being prepared for certain bank accounts managed by elected officials. Accurate bank reconciliations should be prepared on a monthly basis and in a timely manner so that errors or other problems can be identified and resolved on a timely basis. Also, timely bank reconciliations will assist the offices in identifying the source of funds remaining within the accounts after monthly disbursements have been made.

County Response: We concur with this finding and the Board of Commissioners will ask those elected officials to improve their procedures for preparing accurate monthly bank reconciliations.

2013-2 Sheriff's Office – Unidentified funds in bond bank account

The Sheriff's Office maintains a bond bank account which has accumulated approximately \$29,800 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, the 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.

2013-3 Sheriff's Office – Undeposited funds

During the year under audit, the Sheriff's Office deposited approximately \$79,900 in cash. These funds consisted of proceeds from commissary sales to jail inmates over several years that had never been deposited. Although the Sheriff's Office tracked the commissary sale receipts turned in to the main office, maintaining a large amount of undeposited cash exposed the agency to risk of theft or misappropriation. All receipts should be deposited into a bank account in a timely manner to reduce this type of risk.

County Response: We concur with this finding and all Sheriff's Office cash receipts will be deposited in a timely manner in the future.

2013-4 Magistrate Court – lack of segregation of duties

A lack of segregation of duties exists at the Magistrate Court office. The duties of receipt collection, receipt processing, making deposits, writing checks and preparing bank reconciliations are performed by the same individual. While performing procedures in a separate engagement, it was determined that approximately \$19,925 in receipts were collected but never deposited by the Magistrate Court office. Although office staff has been replaced, a lack of segregation of duties still exists, and no compensating controls have been implemented to offset this lack of segregation of duties. The office should consider reassigning certain duties to another individual or implementing compensating controls, such as a secondary review by another individual, to reduce the risk of misstatement.

County Response: We concur with this finding and the Clerk of Courts is responsible for supervising the Magistrate Court Office. Bank statements and bank reconciliations for the Magistrate Court will be reviewed by the Clerk of Courts on a monthly basis. The Clerk of Court will also consider developing other compensating controls for the lack of segregation of duties.

2013-5 Accounting for special revenue funds

As noted in finding 2013-3 above, one special revenue fund was not recognized in previous years as a result of not depositing cash receipts related to that activity. The activity for some other special revenue funds was improperly included as part of the general fund. Special revenue funds should be properly established in the County's accounting system and budgets should be adopted for all special revenue funds maintained by the County.

County Response: We concur with this finding and we will establish separate special revenue funds for E-911 and the Law Library. Also, we will formally adopt budgets for all special revenue funds and properly establish new special revenue funds when required.

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.

Thigpen, Lanier, Westerfield + Dal

Statesboro, Georgia
January 13, 2014