CANDLER COUNTY, GEORGIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2007
AND
INDEPENDENT AUDITOR'S REPORT
****

HERMAN MONGIN
CERTIFIED PUBLIC ACCOUNTANT

CANDLER COUNTY, GEORGIA

TABLE OF CONTENTS
JUNE 30, 2007

	EXHIBIT	PAGE
INDEPENDENT AUDITOR'S REPORT		
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Assets	A	1
Statement of Activities	B	2
Fund Financial Statements:		
Governmental Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	3
Reconciliation of Net Assets - Governmental Funds in the Statement of Net Assets to Total Fund Balance - Governmental Funds on the Balance Sheet	D	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	6
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	G	7
Proprietary Fund Financial Statements:		
Statement of Net Assets - Proprietary Funds	H	8
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	I	9
Statement of Cash Flows - All Proprietary Funds	J	10
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities	K	11
Notes to the Financial Statements	L	12-30

	SCHEDULE	PAGE
OTHER SUPPLEMENTARY INFORMATION:		
Combining and Individual Funds' Financial Statements:		
General Fund:		
Balance Sheet	1	31
Analysis of Changes in Fund Balance	2	32
Statement of Revenues	3	33-34
Statement of Expenditures	4	35-42
Debt Service Fund:		
Balance Sheet	5	43
Statement of Revenues, Expenditures, and Changes in Fund Balance	6	44
Sales Tax Construction Fund:		
Balance Sheet	7	45
Statement of Revenues, Expenditures and Changes in Fund Balance	8	46
Fiduciary Funds - Agency Funds:		
Combining Statement of Assets and Liabilities	9	47
Combining Statement of Changes in Assets and Liabilities	10	48
Community Development Block (CDBG) Fund:		
Balance Sheet	11	49
Statement of Changes in Taxes Receivable - 2006 Property and Motor Vehicles - NOD's Tax Digests	12	50
Statement of Changes in Taxes Receivable - 2007 Motor Vehicles, Mobile Homes, and Timber Tax Digest	13	51
Schedule of Expenditures of Special Sales Tax Proceeds	14	52

OTHER REPORTS:
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 . . . . . I 54

Concluded - (2).

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Candler County, Georgia:

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Candler County, Georgia (the "County"), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Candler County, Georgia's elected officials and management. 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 component unit. Those financial statements were audited by another auditor 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, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of June 30, 2007, the respective changes in financial position, and the respective budgetary comparisons for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2007 on our consideration of Candler County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the management's discussion and analysis is not included as required supplementary information for the year ended June 30, 2007.

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 fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Herman Morgan

December 12, 2007

CANDLER COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			-Component Unit-
	Governmental Activities	Business-Type Activities	Total	Board Health
ASSETS				
Cash	$5,467,002	$ 18,096	$5,485,098	$ 398,696
Receivables (net of allowance for uncollectibles):				
Taxes	495,378		495,378	
Accounts	426,855		426,855	
Tax Commissioner	113,399		113,399	
Accrued interest receivable	48,924		48,924	
Prepaid expenses	108,850		108,850	
Capital assets:				
Land and other non-depreciable assets	165,687	13,468	179,155	
Other capital assets, net of depreciation	5,434,121	496,223	5,930,344	11,808
Total assets	12,260,216	527,787	12,788,003	410,504
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	307,311		307,311	17,204
Payroll withholdings	23,346		23,346	
Deferred revenues	2,635		2,635	
Current portion of long-term debt:				
Notes	41,004	18,750	59,754	
Accrued interest payable	3,425		3,425	
Long-term debt, net of current portion:				
Notes	339,473	425,000	764,473	
Landfill closure and post-closure costs	1,567,582		1,567,582	
Compensated absences	94,065		94,065	11,131
Total liabilities	2,378,841	443,750	2,822,591	28,335
NET ASSETS:				
Invested in capital assets, net of related debt	5,219,331	65,941	5,285,272	11,808
Restricted for:				
Landfill closure costs	213,781		213,781	
Prior year program income				94,718
Capital projects	1,589,382		1,589,382	
Unrestricted	2,858,881	18,096	2,876,977	275,643
TOTAL NET ASSETS	$9,881,375	$ 84,037	$9,965,412	$ 382,169

See the accompanying notes to financial statements.

EXHIBIT B

CANDLER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (expenses) and changes in net assets: Governmental Activities	Business type Activities	TOTAL	Component Unit Board of Health
Primary Government:								
Governmental activities:								
General government	$ 633,412	$ 50,335			$ (583,077)		$ (583,077)	
Judiciary	577,994	244,363	$ 9,851		(323,780)		(323,780)	
Police protection	615,769	254,039	1,907		(359,823)		(359,823)	
Detention Center	534,946	42,015			(492,931)		(492,931)	
Public buildings	134,748	6,540	39,998	$ 10,000	(78,210)		(78,210)	
Welfare	7,000				(7,000)		(7,000)	
Health	105,320				(105,320)		(105,320)	
Agricultural assistance	78,808				(78,808)		(78,808)	
Roads and bridges	1,001,913		10,257	51,268	(940,388)		(940,388)	
Garbage and trash disposal	430,652	471,756			41,104		41,104	
Garbage and trash collection	275,848	385,982			110,134		110,134	
Community Center	13,095	4,171			(8,924)		(8,924)	
Ambulance service	639,784	574,141			(65,643)		(65,643)	
Interest on long-term debt	20,844				(20,844)		(20,844)	
Other	2,056,578	198,377			(1,858,201)		(1,858,201)	
Total governmental activities	7,126,711	2,231,719	62,013	61,268	(4,771,711)		(4,771,711)	
Business-type Activities:								
Public Building Authority	10,396	37,725				$ 27,329	27,329	
Total primary government	$7,137,107	$2,269,444	$ 62,013	$ 61,268	(4,771,711)	27,329	(4,744,382)	
Component Unit:								
Public Health	$ 370,452	$ 94,718	$331,125					$ 55,391
General Revenues:								
Property taxes					$2,771,069		2,771,069	
Sales taxes					2,095,091		2,095,091	
Interest and fees on taxes					171,686		171,686	
Other taxes					184,030		184,030	
Insurance premium tax					250,979		250,979	
Interest					210,360		210,360	
Other					21,158		21,158	
Loss on disposition of capital assets					(1,175)		(1,175)	
Total general revenues					5,703,198		5,703,198	
Change in net assets					931,487	27,329	958,816	55,391
Net assets - beginning					8,949,888	56,708	9,006,596	326,778
Net assets - ending					$9,881,375	$ 84,037	$ 9,965,412	$ 382,169

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2007

	General	Sales Tax Construction Fund	Governmental Funds
ASSETS			
Cash	$3,537,983	$1,929,019	$5,467,002
Receivables (net of allowance for uncollectibles):			
Taxes	495,378		495,378
Accounts	295,143	131,712	426,855
Tax collector	113,399		113,399
Interest	48,924		48,924
Prepaid insurance	108,850		108,850
Due from other funds	348,800	(348,800)	
TOTAL	$4,948,477	$1,711,931	$6,660,408
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 184,762	$ 122,549	$ 307,311
Payroll withholdings	23,346		23,346
Deferred revenue	388,715		388,715
Total	596,823	122,549	719,372
Fund Balance:			
Unreserved	4,029,023		4,029,023
Reserved:			
Capital projects		1,589,382	1,589,382
Landfill closure costs	213,781		213,781
Prepaid insurance	108,850		108,850
Total	4,351,654	1,589,382	5,941,036
TOTAL	$4,948,477	$1,589,382	$6,660,408

See the accompanying notes to financial statements

CANDLER COUNTY, GEORGIA

RECONCILIATION OF NET ASSETS - GOVERNMENTAL FUNDS IN THE STATEMENT OF NET ASSETS TO TOTAL FUND BALANCE - GOVERNMENTAL FUNDS ON THE BALANCE SHEET FOR THE YEAR ENDED JUNE 30, 2007

Fund balance - total governmental funds	$5,941,036
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	5,599,808
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	386,080
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(380,477)
Accrued interest payable	(3,425)
Compensated absences	(94,065)
Landfill closure and post closure costs	(1,567,582)
Net assets of governmental activities	$9,881,375

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	General	Sales Tax Construction	Governmental Funds
REVENUES:			
Taxes	$3,932,814	$1,406,522	$5,339,336
Licenses and permits	18,621		18,621
Interest and fees on taxes	183,405		183,405
Court fines and fees	500,191		500,191
Sheriff fees and costs	38,534		38,534
State and federal grants	162,863		162,863
Other	1,804,986	92,379	1,897,365
Total revenue	6,641,414	1,498,901	8,140,315
EXPENDITURES:			
Current:			
General government	628,017		628,017
Judiciary	576,336		576,336
Police protection	580,232		580,232
Detention Center	509,468		509,468
Public buildings	72,618		72,618
Welfare	7,000		7,000
Health	105,320		105,320
Agricultural assistance	78,326		78,326
Roads and bridges	898,035		898,035
Garbage and trash disposal	273,326		273,326
Garbage and trash collection	255,819		255,819
Community Center	13,095		13,095
Ambulance Service	626,927		626,927
Other governmental services and unallocated expenditures	798,763		798,763
Total	5,423,282		5,423,282
Capital outlays	162,907	1,384,798	1,547,705
Debt Service:			
Principal	38,988		38,988
Interest	21,219		21,219
Total	60,207		60,207
Total expenditures	5,646,396	1,384,798	7,031,194
NET CHANGE IN FUND BALANCE	995,018	114,103	1,109,121
FUND BALANCE, BEGINNING OF YEAR	3,356,636	1,475,279	4,831,915
FUND BALANCE, END OF YEAR	$4,351,654	$1,589,382	$5,941,036

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - Total Governmental Funds		$1,109,121
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	$ 326,102	
Depreciation expense reported in the statement of activities	(392,800)	
Amount by which depreciation is greater than capital outlays in current period		(66,698)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is . .		38,988
Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the funds. The amount of deferred revenues recognized as revenue in the statement of activities is as follows:		
Property taxes		(38,167)
Emergency Medical Services Ambulance Fees		(13,371)
Landfill fees		(26,404)
In the statement of activities, only the loss on the disposal of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources		(4,175)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued interest expense		375
Compensated absences		3,476
Landfill closure and post closure costs		(71,658)
Change in Net assets of Governmental Activities . .		$ 931,487

See the accompanying notes to 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, 2007

	---BUDGETED AMOUNTS--- Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$4,052,281	$4,052,281	$3,932,814	$ (119,467)
Licenses	21,950	21,950	18,621	(3,329)
Interest and fees on taxes			183,405	183,405
Court fines and fees	582,950	582,950	500,191	(82,759)
Sheriff fees and cost	40,000	40,000	38,534	(1,466)
State and federal grants	59,406	59,406	162,863	103,457
Other	1,791,253	1,953,253	1,804,986	(148,267)
Total	6,547,840	6,709,840	6,641,414	(68,426)
EXPENDITURES:				
General government	797,885	787,985	652,371	135,614
Judiciary	686,834	686,914	576,336	110,578
Police protection	648,259	650,809	627,927	22,882
Detention Center	585,641	585,641	509,468	76,173
Public buildings	126,653	126,653	70,855	55,798
Welfare	7,000	7,000	7,000	
Health	105,320	105,320	105,320	
Agricultural assistance	95,861	95,861	78,326	17,535
Roads and bridges	1,079,942	1,081,142	898,035	183,107
Garbage and trash disposal	428,875	407,775	281,908	125,867
Garbage and trash collection	254,783	275,883	275,848	35
Community Center	29,280	29,280	13,095	16,185
Ambulance service	731,150	731,810	656,527	75,283
Other governmental services and unallocated expenditures	970,357	1,137,767	893,380	244,387
Total	6,547,840	6,709,840	5,646,396	1,063,444
EXCESS OF REVENUES OVER EXPENDITURES			995,018	995,018
FUND BALANCE, BEGINNING OF YEAR	3,356,636	3,356,636	3,356,636	
FUND BALANCE, END OF YEAR	$3,356,636	$3,356,636	$4,351,654	$ 995,018

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2006 AND 2007

	June 30, 2007	2006
ASSETS		
CURRENT ASSETS:		
Cash	$ 18,096	$ 31,671
Rents receivable		6,000
Total	18,096	37,671
PROPERTY AND EQUIPMENT:		
Land	13,468	13,468
Building and othe improvements	509,784	509,784
Equipment	7,153	7,153
Total	530,405	530,405
Less accumulated depreciation	20,714	10,318
Property and equipment - net	509,691	520,087
Total assets	527,787	557,758
LIABILITIES		
CURRENT LIABILITIES:		
Due to other funds		25,000
Deferred revenue		1,050
Current portion - long-term notes	18,750	25,000
Total	18,750	51,050
LONG-TERM DEBT:		
Note payable (less current portion shown above)	425,000	450,000
Total liabilities	443,750	501,050
NET ASSETS		
INVESTED IN CAPITAL ASSETS - NET OF RELATED DEBT	65,941	20,087
UNRESTRICTED	18,096	36,621
TOTAL NET ASSETS	$ 84,037	56,708

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
OPERATING REVENUES:		
Rents	$ 37,725	$ 36,675
OPERATING EXPENSES:		
Depreciation	10,396	10,318
Other		54
Total	10,396	10,372
OPERATING INCOME	27,329	26,303
TRANSFER FROM OTHER FUNDS		30,405
CHANGES IN NET ASSETS	27,329	56,708
NET ASSETS, BEGINNING OF YEAR	56,708	
NET ASSETS, END OF YEAR	$ 84,037	$ 56,708

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, users and grants	$ 42,675	$ 31,725
Cash paid to suppliers		(54)
Total	42,675	31,671
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Temporary cash advances from general fund	(25,000)	25,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(31,250)	(25,000)
NET INCREASE IN CASH	(13,575)	31,671
CASH, BEGINNING OF YEAR	31,671	
CASH, END OF YEAR	$ 18,096	$ 31,671
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Income from operations	27,329	26,303
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	10,396	10,318
Decrease (increase) in operating assets:		
Rents receivable	6,000	(6,000)
Increase (decrease) in operating liabilities:		
Deferred revenue	(1,050)	1,050
Total	15,346	5,368
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 42,675	$ 31,671

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2007

	Agency Funds
ASSETS	
Cash	$ 470,523
LIABILITIES	
Due to others:	
Governmental units, retirement plans, etc.	$ 470,523

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Candler County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Government units, except that the County did not include a management discussion and analysis (MD&A) section.

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the County are described below.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.* Certain other significant changes in the Statement include the following.

For the past and current fiscal years the financial statements include:

1. Financial statements prepared using full accrual accounting for all of the County's activities.

2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The County elected to implement the general provisions of the Statement in the past fiscal year and plans to include the MD&A section in future years.

A. THE REPORTING ENTITY

Candler County was incorporated under the laws of the State of Georgia and operates under an elected Board of Commissioners form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Candler County (the primary government) and its component unit. The component unit discussed below is included in the reporting entity because the Candler County Board of Commissioners, directly or indirectly, appoints a majority of the component unit's board members and a financial benefit/burden relationship exists between the component unit and the County.

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included as a discretely presented component unit. The component unit column in the

government-wide financial statements includes the financial data for the County's component unit, as reflected in their most recent audited financial statements. The fiscal year end of the component unit is June 30. Financial information of the component unit is reported in a column separate from the County's financial information to emphasize that it is legally separate from the County.

The Candler County Board of Health manages the local health department located in the County. It is governed by a seven member board that is composed of the following: the chief executive officer of the County, three members appointed by the County, the chief executive officer of the City of Metter, one member appointed by the City of Metter, and the County's superintendent of schools.

Complete financial statements of the discretely presented component unit can be obtained directly from their administrative office. The address for the administrative office is as follows: Candler County Board of Health, North Rountree Street, Metter, Georgia 30439.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets, and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they will be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of Candler County, Georgia. It is used to account for all financial resources of the general Government, except those required to be accounted for in another fund.

The **Sales Tax Construction Fund** accounts for the acquisition of fixed assets or construction of major capital projects not being financed by the General Fund.

The County reports the following major enterprise fund:

The **Public Building Authority** accounts for activities for which a fee is charged to external users for goods or services, including public building rental activities.

The County also reports the following fund type:

Agency Funds - These funds account for taxes and licenses collected on behalf of the County and other taxing entities; funds received and disbursed by the Clerk's Office in a fiduciary capacity; funds received and disbursed by the Sheriff's Office in a fiduciary capacity; and various other funds and fees received and disbursed in a fiduciary capacity.

GASB 34 eliminates the presentation of *Account Groups*, but provides for these records to be maintained and used to account for capital assets and long-term liabilities that are not reflected on the balance sheet of Governmental type funds due to the current financial resources measurement focus that they use.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental activities have been consolidated in the government-wide financial statements. Total governmental funds have been combined with general fixed assets and long term liabilities. The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as operating transfers between funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in conneciton

with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for leasing of real estate. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. **Deposits and investments** - Cash includes amounts in both interest-bearing and non-interest-bearing demand deposits. State statutes authorize the Government to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other states, obligations fully insured or guaranteed by the United States government or governmental agency, Local Government Investment Pool, commercial paper, corporate bonds, obligation of other political subdivisions of the State of Georgia, and repurchase agreements. Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State or U.S. obligations.

Investments are recorded at cost or amortized cost plus accrued interest, which approximates market value.

2. **Receivables and Payables** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The current portion of these interfund receivables and payables are classified as "due from other funds" or "due to other funds" in the governmental funds.

Non-current portions of long-term interfund loans receivable/payable are reported as "advances to other funds" or "advances from other funds". Advances receivable in the Governmental funds are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation and are not expendable available financial resources.

Property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at June 30, 2007. Property taxes are levied as of January 1, on property values assessed as of the same date.

Collections of property taxes are made throughout the year. They become delinquent after December 20. During the current fiscal year, the County levied property taxes on August 10, 2007.

3. **Prepaid Items** - For prepaid expenditures in the government-wide and fund financial statements, the County reports the expenditures during the benefiting period.

4. **Capital Assets** - Capital assets, which include property and plant equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 37 prohibits the capitalization of interest related to assets constructed for use in governmental activities. Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Furniture and fixtures	10
Machinery and equipment	5 - 15
Vehicles	4 - 5

5. **Compensated Absences** - It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they

have matured, for example, as a result of employee resignations and retirements.

6. **Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. **Fund Equity** - Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

8. **Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The annual budget is the financial plan for the operation of Candler County, Georgia for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an

orderly means for control and evaluation of the financial posture of the Government. Candler County budgets are adopted on a basis generally consistent with GAAP; except that encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. Annual appropriated budgets are adopted for the general fund, and the debt special revenue fund. All unencumbered appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The Candler County budget process begins in April with the department and agency heads submitting their departmental budgets. The County administrator formulates and remits the budget to all members of the Candler County Commission. The County Administrator and County Commissioners conduct budget hearings with all departments and agencies with any unresolved differences being presented to the Board of Commissioners. After review by the Commissioners, a final budget is approved when the budget resolution is adopted.

No increase in the departmental budget for the County may be made without the approval of the Board of Commissioners and amendment to the budget. Mid-year budget amendments are presented, where necessary, for adoption by the Commissioners. The general fund is subject to budgetary control on a department basis. During the year, the budget was amended by the method described above.

Unencumbered appropriations in the annual operating budget lapse at fiscal year end while encumbered appropriations are paid from reserved fund balances. When the County's expenditures reach the authorization provided by the operating budget, the Board of Commissioners approves supplemental appropriations.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not utilized in the Governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services are yet to be received.

B. Excess of Expenditures over Appropriations

The General Fund did not incur expenditures in excess of appropriations for the year ended June 30, 2007.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - At year-end, the carrying amount of the primary Government's deposits were $3,709,277 and the bank balances were $3,784,147. Of the bank balance, $727,677 was covered by federal depository insurance and $3,056,470 of the balance was covered by collateral held in the pledging institutions's trust departments in the Government's name. Statutes require collateral at 110% of pledged deposits to be held in the Government's name by the trust department.

At year-end, the carrying amount of the component units' deposits was $398,696 and the bank balances were $383,257. Of the bank balance, $126,724 was covered by federal depository insurance and $256,533 of the balance was covered by collateral held in the pledging institution's trust departments in the Government's name. Statutes require collateral at 110% of pledged deposits to be held in the Government's name by the trust department.

Investments - The County's investments as of June 30, 2007 consisted of certificate of deposits of $2,246,039, bearing interest at 5.20% to 6.00% with maturities of July, 2007 through January, 2008.

B. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of fair market value. All real and personal property (including motor vehicles) are valued as of January 1, of each year and must be declared and reported on a return for tax purposes by May 1. With the exception of motor vehicles and the property of pubic utilities, which are valued by the State Revenue Department, the Board of Tax Assessors of Candler County makes all assessments.

Upon completion of all assessments and tax returns, the information is turned over to the Candler County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the State mandated forty percent (40%) of fair market value. If not, the commissioner may require an across the board percentage adjustment to all real property. The County Tax Commissioner distributes tax notices and collects tax payments. Motor vehicle taxes must be paid by the birth date of the owner of the vehicle. Property taxes are usually levied on October 20, of each year. Real and personal property taxes are due by December 20, and considered delinquent by December 20.

Property taxes are attached as an enforceable lien on the day the taxes become delinquent. The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available (collected within 60 days of year-end) as net current assets. In the accompanying financial statements, the portion of the property tax levy for the tax year 2006 collected during the current year has been recognized as revenue.

Property taxes receivable at June 30, 2007, is composed of the following:

Year of Levy:	
2006	$252,925
Prior to 2006	297,495
Total	550,420
Less - allowance for uncollectible	55,042
Net receivable	$495,378

C. Accounts Receivable

Primary Government

Receivables at June 30, 2007 for the County's individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Sales Tax Construction Fund	Total
Receivable:			
Taxes	$ 550,420		$ 550,420
Accounts	806,302	$ 131,712	938,014
Tax Commissioner	113,399		113,399
Interest	48,924		48,924
Gross receivables	1,519,045	131,712	1,650,757
Less: allowance for uncollectibles	566,201		566,201
Net total receivables	$ 952,844	$ 131,712	$1,084,556

Discretely Presented Component Units

Trade receivables from the Candler County Board of Health as of June 30, 2007 are as follows:

	Board of Health
Receivables:	
Accounts	$ NIL
Gross receivables	NIL
Less: allowance for uncollectibles	NIL
Net total receivables	$ NIL

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes	$ 386,080
Community Center fees	2,635
TOTAL	$ 388,715

D. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2007 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$137,076			$137,076
Site improvements in progress		$28,611		28,611
Total capital assets not being depreciated	137,076	28,611		165,687
Other capital assets:				
Buildings & other improvements	4,607,806		$1,763	4,606,043
Machinery and equipment	3,012,899	299,254	151,412	3,160,741
Depreciable site improvements	1,736,015			1,736,015
Total other capital assets at historical cost	9,356,720	299,254	153,175	9,502,799
Less accumulated depreciation:				
Buildings & other improvements	1,044,199	114,892		1,159,091
Machinery and equipment	1,487,242	221,922	147,237	1,561,927
Depreciable site improvements	1,291,674	55,986		1,347,660
Total accumulated depreciation	3,823,115	392,800	147,237	4,068,678
Other capital assets, net	5,533,605	(93,546)	5,938	5,434,121
Governmental activities, capital assets, net	$5,670,681	($64,935)	$5,938	$5,599,808
Business-type activities:				
Capital assets not being depreciated:				
Land	$13,468			$13,468
Other capital assets:				
Building and other improvements	509,784			509,784
Equipment	7,153			7,153
Total other capital assets at historical cost	516,937			516,937
Less accumulated depreciation:				
Building and other improvements	9,176	9,176		18,352
Equipment	1,142	1,220		2,362
Total accumulated depreciation	10,318	10,396		20,714
Other capital assets - net	506,619	(10,396)		496,223
Business-type activities, capital assets, net	$520,087	($10,396)		$509,691

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 5,054
Judiciary	1,011
Police protection	43,082
Detention Center	45,344
Public buildings	62,130
Agricultural assistance	482
Roads and bridges	108,436
Garbage and trash disposal	104,005
Ambulance service	20,924
Other - EMA	2,332
Total governmental activities depreciation expense	$ 392,800

Capital asset activity for the Board of Health for the year ended June 30, 2007 was as follows:

	Public Health Center		
	Beginning Balance	Increases	Ending Balance
Other capital assets:			
Equipment	$84,109	$ 3,508	$ 87,617
Less accumulated depreciation	71,248	4,561	75,809
Other capital assets, net	$12,861	$(1,053)	$ 11,808

E. Interfund Receivables, Payables and Transfers

As of June 30, 2007, due to/from other funds which are considered current in nature, were as follows:

	Due From	Due To
Governmental Funds:		
Major Funds:		
General Fund	$ 348,800	
Sales Tax Construction Fund		$ 348,800
Total governmental funds	348,800	348,800
Business-Type Activities:		
Public Bulding Fund	NIL	NIL
TOTAL	$ NIL	$ NIL

The above due to/from balances resulted from the normal course of the County's operations.

Transfers for the year ended June 30, 2007 were as follows:

	Transfers Out	Transfers In
General Fund		$ NIL
Public Builing Fund	$ NIL	

The above transfers out/in resulted from the normal course of the County's operations.

In the prior fiscal year 2006, the County also transferred general fixed assets and related debt with a net carrying value of $30,405 to the Public Building Authority. Because governmental fund reporting focuses

only on current financial resources, this transfer is not reported in the governmental fund statements, but is reported in the government wide financial statements.

F. Long-term Debt

During the prior fiscal years, the County entered into six agreements with the Georgia Environmental Facilities Authority (GEFA) to borrow funds to finance closure costs on the Phase One landfill and the construction of a pumping station and a construction and demolition landfill (C & D). The notes bear interest at rates of 4%, 4.55% 5.12%, 5.3% and 5.6% with principal and interest commencing after the completion of each project. As of June 30, 2007, the County had received proceeds of $1,633,962 under these GEFA loans.

During the previous fiscal year, the County entered into an intergovernmental services contract for $500,000 from the OneGeorgia Authority for a term of 20 years at 0%. Quarterly repayments of $6,250 began July 1, 2005, date of certificate of occupancy was granted. A first mortgage on the building was taken by the OneGeorgia Authority as collateral for the contract. Also, the contract is secured by a blanket assignment of any leases. The County has also agreed that any revenues in excess of operating costs will be reinvested back into the project. As of June 30, 2007, the County had drawn down $500,000 for the construction and related cost of the Agricultural Regional Resource Center building.

The following is a summary of the annual debt service requirements to maturity of all of the County's general long-term notes, including interest of $103,237:

Primary Government:
Governmental Activities:

FY Ending	Amount	Principal	Interest
June 30, 2008	$ 60,207	$ 41,004	$ 19,203
June 30, 2009	60,207	43,124	17,083
June 30, 2010	46,877	31,795	15,082
June 30, 2011	46,877	33,514	13,363
June 30, 2012	46,877	35,326	11,551
June 30, 2013-2017	222,668	195,713	26,955
TOTAL	$ 483,713	$ 380,476	$103,237

The following is a summary of the annual debt service requirements to maturity of all of the County's business-activity long-term notes, including no interest.

Business Activities:

FY Ending	Amount	Principal	Interest
June 30, 2008	$ 18,750	$ 18,750	$ NIL
June 30, 2009	25,000	25,000	NIL
June 30, 2010	25,000	25,000	NIL
June 30, 2011	25,000	25,000	NIL
June 30, 2012	25,000	25,000	NIL
June 30, 2013 - 2017	125,000	125,000	NIL
June 30, 2018 - 2022	125,000	125,000	NIL
June 30, 2023 - 2025	75,000	75,000	NIL
TOTAL	$ 443,750	$ 443,750	$ NIL

Closure and Postclosure Care Costs

State and federal laws and regulations require that the County place a final cover on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for five to thirty years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfills are closed. The County currently provided for $1,567,582 of estimated costs for the closed Phase One landfill site, and the C&D landfill site and the municipal solid waste landfill site based on land fill capacity used to date. The amount of the remaining estimated cost for landfill closure and postclosure care of $1,371,581 will be recognized on a pro rata basis as the remaining estimated capacity of 362,736 cubic yards of usable space is filled. The County's Phase One landfill was closed during a prior fiscal year. The C&D landfill was closed September, 1997. The County's municipal solid waste landfill site has an estimated remaining capacity of twenty years with 41.24% of the capacity used to date. All amounts recognized are based on what it would cost to perform all closure and postclosure care at year-end; however, actual costs may be higher due to inflation. The County is required by state and federal laws and regulations to provide funds to finance closure and postclosure care. The County is currently providing for these funds by charging a landfill fee to property owners.

It is anticipated that future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example), may need to be covered by charges to future landfill users, taxpayers, or both.

The following is a summary of the changes in the long-term debt account:

	Amount of Original Issued	Balance 06/30/06	Additions	Reductions	Balance 06/30/07	Amount Due Within One Year
Primary Government:						
Governmental Activities:						
Notes - GEFA	$1,633,962	$419,465		$38,989	$380,476	$41,004
Closure & postclosure landfill care costs		1,495,924	$71,658		1,567,582	
Compensated absences		97,541		3,476	94,065	
TOTAL	$1,633,962	$2,012,930	$71,658	$42,465	$2,042,123	$41,004
Business-type Activities:						
0% Note - OneGeorgia Authority	$500,000	$475,000		$31,250	$443,750	$18,750
Component Unit:						
Compensated absences		$17,917		$6,786	$11,131	

Payments of compensated absences is made by the General Fund.

III. CONTINGENT LIABILITIES:

A. Risk Management and Litigation:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Government carries commercial insurance.

The County has joined together with other counties in the state as part of the ACCG-Group Self-Insurance Workers' Compensation Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Association County Commissioners of Georgia (ACCG) administers this risk pool.

As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. Also, the County is 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 fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The fund is 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.

The County's attorney advises that there is one suit pending at June 30, 2007. According to the County's attorney, he expects a favorable outcome in this matter. The County will be responsible for paying an insurance deductible of up to $15,000.00 depending upon the cost of the defense.

Significant losses experienced by the County are covered by commercial insurance for all risks. For insured risks there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or thru prior years.

B. Federally Assisted Grant Programs

Grants from the Federal Government to Candler County did not exceed $500,000 for the year ended June 30, 2007, thus the County is not required to comply with provisions of the Single Audit Act of 1984.

IV. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the seventeen county heart of Georgia area, is a member of the Heart of Georgia Altamaha Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2006, the County paid dues of $6,481. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Separate financial statements maybe obtained from:

Heart of Georgia Altamaha Regional Development Center
501 Oak Street
Eastman, Georgia 31023

CANDLER COUNTY, GEORGIA
GENERAL FUND

BALANCE SHEET, JUNE 30, 2007 AND 2006

	June 30, 2007	2006
ASSETS		
CASH	$3,537,983	$2,629,476
RECEIVABLES (net of allowance for uncollectibles):		
Taxes	495,378	508,527
Accounts	295,143	339,574
Tax collector	113,399	91,634
Interest	48,924	25,219
DUE FROM OTHER FUNDS	348,800	374,800
PREPAID INSURANCE	108,850	116,397
TOTAL	$4,948,477	$4,085,627
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 184,762	$ 224,605
Payroll withholdings	23,346	23,971
Deferred revenue	388,715	480,415
Total	596,823	728,991
FUND BALANCE:		
Unreserved	4,029,023	3,180,461
Reserved for:		
Prepaid insurance	108,850	116,397
Landfill closure costs	213,781	59,778
Total	4,351,654	3,356,636
TOTAL	$4,948,477	$4,085,627

CANDLER COUNTY, GEORGIA
GENERAL FUND

ANALYSIS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
FUND BALANCE, BEGINNING OF YEAR	$3,356,636	$2,391,431
ADDITIONS:		
Revenues	6,641,414	6,467,995
Loan proceeds		118,926
Transfers from Sales Tax Bond Construction Fund		46,108
Total	6,641,414	6,633,029
DEDUCTIONS:		
Expenditures	5,646,396	5,667,824
FUND BALANCE, END OF YEAR	$4,351,654	$3,356,636

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
TAXES:		
Property	$2,444,694	$2,323,851
Motor vehicles	317,382	306,243
Mobile homes	43,636	39,444
Recording (real estate mortgage with maturities in excess of three years)	41,811	34,398
Local option sales tax	688,569	670,850
Malt and alcoholic beverage	85,398	84,652
Real estate transfer	12,963	16,288
Insurance premiums	250,979	239,491
Franchise	10,704	2,305
Railroad equipment tax	3,524	3,403
Financial institutions' business license tax	33,154	29,784
Total	3,932,814	3,750,709
LICENSES AND PERMITS:		
Business (malt and alcoholic beverage licenses)	9,075	8,375
Building/land permits	9,546	14,186
Total	18,621	22,561
INTEREST AND FEES ON TAXES:		
Interest, penalties and costs	171,686	202,403
Commissions	8,719	8,690
Collection fees - City	3,000	3,000
Total	183,405	214,093
COURT FINES AND FEES:		
Fines:		
State Court	315,183	290,114
Superior Court	38,104	35,466
Fees:		
State and Superior Courts	41,732	49,462
Probate Court	10,387	10,067
Magistrate Court	23,078	28,248
Victim Assistance Program	31,384	22,170
Public Defender		12,044
Jail Surcharge	40,323	34,728
Total	500,191	482,299

	Year Ended June 30, 2007	2006
SHERIFF:		
Fees and costs	$ 38,534	$ 158,386
STATE AND FEDERAL GRANTS:		
Road projects	8,781	91,718
CJCC Grant		14,726
Governor's Grant	10,000	10,000
Drug Enforcement Agency	1,907	
GEMA - Hazard mitigation	9,375	
GEMA - Hazard waste	33,112	
One Georgia	99,688	12,227
EMA		2,880
Total	162,863	131,551
OTHER:		
Proceeds from sale of sand, dirt, pipes, blades, etc.	10,613	28,489
Auto tag and title fees and penalties	17,930	19,633
Community Center	4,171	4,096
Aerial maps	2,065	1,708
City of Metter - Detention Center	39,998	39,996
Community Service Program	10,257	4,358
Interest	117,981	54,372
Ambulance fees	587,512	545,019
Proceeds from property sales	3,000	9,552
Law Library	11,178	8,719
Jail phone	1,692	3,113
Other	10,545	5,147
Landfill and garbage fees	884,142	882,824
Election fees	543	108
Emanuel County - County Agent	6,251	5,841
Juvenile offender program	3,600	3,500
911 telephone fees	86,968	86,631
Rentals	6,540	5,290
Total	1,804,986	1,708,396
TOTAL	$6,641,414	$6,467,995

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
GENERAL GOVERNMENT:		
Administrative:		
Salaries	$ 159,493	$ 156,770
Advertising	2,587	2,413
Supplies	7,138	8,185
Travel and training	11,705	11,939
Telephone	6,638	6,502
Capital outlays	1,040	
Miscellaneous	627	1,270
Computer service	3,320	1,120
Repairs and maintenance	2,759	5,852
Utilities	2,939	3,227
Dues and subscriptions	630	1,143
Workers' compensation insurance	1,392	756
Equipment leases	6,082	7,838
Group insurance	16,130	15,958
Payroll taxes	12,201	11,993
Total administrative	234,681	234,968
Office of Tax Commissioner:		
Salaries	131,101	128,046
Supplies	7,658	5,875
Computer services	9,028	4,018
Telephone	2,972	3,058
Miscellaneous	1,137	1,682
Travel	1,575	2,193
Dues and subscriptions	250	250
Advertising	232	1,520
Equipment leases	2,882	2,973
Group insurance	29,430	28,024
Payroll taxes	10,011	9,725
Workers' compensation insurance	851	646
Capital outlay		1,395
Repairs and maintenance	3,668	7,097
Professional services	5,399	5,932
Total tax commissioner	206,194	202,434

	Year Ended June 30, 2007	2006
Office of Tax Assessors:		
Salaries	$ 105,698	$ 92,648
Travel	5,599	4,762
Supplies	7,779	10,096
Telephone	3,286	2,728
Miscellaneous	1,170	390
Dues and subscriptions	868	983
Computer services	1,579	1,336
Advertising	50	275
Equipment leases	3,702	2,991
Professional services	27,512	30,131
Payroll taxes	8,086	7,080
Workers' compensation insurance	1,760	1,213
Capital outlays	23,314	
Repairs and maintenance	13,406	12,294
Group insurance	7,687	13,525
Total tax assessors	211,496	180,452
Total	652,371	617,854
JUDICIARY:		
State and Superior Court:		
Salaries	185,362	182,989
Supplies	5,918	5,408
Telephone	4,994	5,794
Jury fees and costs	6,804	7,383
Miscellaneous	535	
Travel	1,617	2,381
Court reporter	3,105	3,618
Contributions to operating budgets	82,259	77,558
Computer services	7,200	3,662
Indigent defense	33,768	32,563
Juvenile Court	17,039	16,728
Dues and subscriptions	550	350
Payroll taxes	14,148	13,966
Group insurance	22,804	21,798
Workers' compensation insurance	1,306	1,098
Capital outlays		1,128
Repairs and maintenance	126	2,537
Professional fees		860
Equipment leases	12,615	10,789
Total State and Superior Courts	400,150	390,610

	Year Ended June 30, 2007	2006
Probate Court:		
Salaries	$ 62,772	$ 69,246
Supplies	1,247	1,276
Telephone	1,440	1,372
Travel		375
Dues and subscriptions	260	200
Workers' compensation	482	492
Equipment leases	3,901	4,640
Group insurance	7,823	7,717
Professional fees	580	880
Miscellaneous		73
Payroll taxes	4,802	5,297
Total Probate Court	83,307	91,568
Magistrate Court:		
Salaries	63,779	63,312
Supplies	1,999	1,689
Telephone	1,082	990
Travel		1,119
Miscellaneous	175	151
Equipment leases	1,491	1,488
Group insurance	7,573	7,273
Payroll taxes	4,878	4,842
Workers' compensation insurance	409	365
Total Magistrate Court	81,386	81,229
Coroner:		
Salary and costs	11,493	9,721
Total	576,336	573,128

	Year Ended June 30, 2007	2006
POLICE PROTECTION:		
Salaries	$ 354,717	$ 335,250
Repairs and maintenance	14,043	25,583
Gasoline and oil	33,524	33,696
Supplies	14,939	12,363
Uniforms	2,825	2,848
Telephone	13,931	15,321
Capital outlays	47,695	47,174
Travel	4,116	3,431
Miscellaneous	950	397
Drug Task Force	10,826	10,826
Computer Service	9,954	3,315
Utilities	9,279	7,754
Dues and subscriptions	575	525
Equipment leases	2,103	3,000
Group insurance	66,659	61,541
Payroll taxes	27,105	25,646
Professional fees	2,550	1,240
Workers' compensation insurance	12,136	10,980
Total	627,927	600,890
DETENTION CENTER:		
Salaries	214,129	212,958
Telephone	2,790	2,022
Supplies	29,121	26,802
Utilities	32,523	31,017
Repairs and maintenance	16,092	9,699
Laundry and uniforms	1,404	1,028
Travel	856	389
Prisoners' food	107,126	116,606
Miscellaneous	65	5,914
Medical costs - prisoners	34,042	20,092
Computer services	1,602	1,665
Group insurance	45,644	51,996
Payroll taxes	16,307	16,291
Workers' compensation insurance	7,767	7,942
Total	509,468	504,421

	Year Ended June 30, 2007	2006
PUBLIC BUILDINGS:		
Supplies	$ 3,419	$ 4,133
Miscellaneous	207	724
Utilities	18,706	21,397
Repairs and maintenance	32,036	18,667
Capital Outlays	(2,263)	30,105
Contractual services	18,750	18,750
Total	70,855	93,776
WELFARE:		
Dept. of Family and Children's Services	7,000	7,000
HEALTH:		
Department of Public Health	105,320	105,500
AGRICULTURAL ASSISTANCE:		
Salaries and wages	50,240	53,046
Travel	6,089	5,107
Utilities	2,554	2,739
Telephone	4,055	2,944
Contributions to retirement plans	2,725	4,306
Supplies and other	2,901	1,116
Rentals	4,200	4,200
Miscellaneous		449
Equipment leases	4,294	7,395
Payroll taxes	1,268	2,037
Total	78,326	83,339

	Year Ended June 30, 2007	2006
ROADS AND BRIDGES:		
Salaries and wages	$ 355,197	$ 330,400
Culverts, pipes & other materials	102,091	117,260
Capital outlays		56,303
Repairs & maintenance of machinery	60,670	80,679
Fuel, oil and grease	99,835	109,990
Utilities	267	35
Telephone	7,119	6,152
Miscellaneous	4,911	1,720
Uniforms	3,899	3,868
Contractual services	37,500	37,500
Travel	1,804	2,622
Road projects	62,427	135,623
Group insurance	101,388	90,735
Payroll taxes	27,310	29,392
Workers' compensation insurance	33,560	29,771
Advertising	57	1,502
Total	898,035	1,033,552
GARBAGE AND TRASH DISPOSAL:		
Salaries	94,784	110,852
Materials and supplies	13,236	10,190
Repairs and maintenance	26,402	58,000
Capital outlays	8,582	
Gasoline, oil and grease	25,050	27,490
Professional services	3,197	3,896
Telephone	2,849	3,299
Miscellaneous	2,134	3,471
Contractual services	18,750	18,750
State assessment	7,214	7,799
Travel	1,187	978
Utilities	5,444	4,453
Monitoring fees	29,260	33,967
Equipment leases	1,571	1,653
Workers' compensation insurance	7,600	7,456
Group insurance	27,432	30,491
Payroll taxes	7,216	8,420
Total	281,908	331,165

	Year Ended June 30, 2007	2006
GARBAGE AND TRASH COLLECTION:		
Contractual services	$ 255,819	$ 232,397
Capital outlays	20,029	
Scrap tire program		7,008
Total	275,848	239,405
COMMUNITY CENTER:		
Salaries	3,875	3,673
Supplies	1,450	2,574
Telephone	826	781
Utilities	2,941	3,633
Repairs and maintenance	2,563	1,619
Travel	300	300
Payroll taxes	319	304
Insurance	780	
Workers' compensation insurance	41	42
Total	13,095	12,926
AMBULANCE SERVICE:		
Salaries	424,783	420,440
Supplies	22,441	20,470
Telephone	10,144	12,629
Repairs and maintenance	17,770	16,440
Travel	994	1,429
Fuel	16,815	17,425
Capital outlays	29,600	1,495
Computer service	4,043	2,287
Uniforms	1,903	1,809
Dues, subscriptions, and fees	8,280	8,370
Utilities	5,460	3,776
Miscellaneous	1,425	1,622
Equipment leases	1,382	2,041
Group insurance	64,738	63,953
Payroll taxes	32,439	32,097
Workers' compensation insurance	14,310	14,631
Total	656,527	620,914

	Year Ended June 30, 2007	2006
OTHER GOVERNMENTAL SERVICES AND UNALLOCATED EXPENSES:		
Candler County Library	$ 35,465	$ 35,559
Candler County Recreation Program	80,000	80,670
Elections:		
Registrars	33,109	53,186
Election costs	52,371	11,747
Heart of Georgia Altamaha Regional Development Center	8,937	6,114
Association County Commissioners of Georgia	2,155	1,755
Emergency management	13,040	13,443
Rentals, etc. - soil conservation	16,514	13,406
Insurance	85,082	138,919
Professional services	63,390	63,854
Interest	33	43
Fire protection	102,600	96,992
Metter airport	37,512	16,825
High Hope Center	1,000	1,000
Indigent burials	1,500	
Animal Haven	33,870	26,150
Forestry	4,458	
Concerted services	3,607	4,273
Board of Equalization	1,515	
Economic Development	52,530	52,530
Law Library	3,323	4,563
Victim Assistance Program	28,000	28,000
Debt service:		
Loans	60,207	136,218
Cities in Schools	5,310	5,100
Family connections	3,389	564
Keep Candler Beautiful Program	150	3,005
E-911	161,692	49,104
Miscellaneous	2,621	934
Total	893,380	843,954
TOTAL	$5,646,396	$5,667,824

CANDLER COUNTY, GEORGIA
DEBT SERVICE FUND

BALANCE SHEET, JUNE 30, 2006

ASSETS

Cash	$1,650,704

LIABILITIES

Liabilities:	
Due to other funds	$1,650,704

CANDLER COUNTY, GEORGIA
DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES:	
Special sales taxes	$1,094,233
Interest	66,044
Total	1,160,277
EXPENDITURES:	
Debt Service:	
Interest	36,875
Bond principal	765,000
Total	801,875
Capital outlays:	
City of Pulaski	13,100
City of Metter	12,946
Family Service Center	16,353
Agricultural business facility	8,630
Total	51,029
Bank charges	159
Total	853,063
EXCESS OF REVENUES OVER EXPENDITURES	307,214
Transfer to Other Funds	(1,576,159)
EXCESS (DEFICIENCY0 OF REVENUES OVER EXPENDITURES AND TRANSFERS	(1,268,945)
FUND BALANCE, BEGINNING OF YEAR	1,268,945
FUND BALANCE, END OF YEAR	$ NIL

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND
SALES TAX CONSTRUCTION FUND

BALANCE SHEET, JUNE 30, 2007 AND 2006

	June 30, 2007	2006
ASSETS		
Cash	$1,929,019	$ 199,449
Accounts Receivable	131,712	118,375
Due from Other Funds		1,650,704
TOTAL	$2,060,731	$1,968,528
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 122,549	$ 144,449
Due to other funds	348,800	348,800
Total liabilities	471,349	493,249
FUND BALANCE:		
Reserved	1,589,382	1,475,279
TOTAL	$2,060,731	$1,968,528

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND
SALES TAX CONSTRUCTION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	Year Ended June 30, 2007	2006
REVENUES:		
Special sales tax	$1,406,522	$ 241,127
Interest	92,379	8,937
Total	1,498,901	250,064
EXPENDITURES:		
Capital Outlays:		
City of Metter projects	1,116,691	148,969
Roads and bridges - equipment	162,070	323,800
Recreation department	5,854	288,591
City of Pulaski	100,183	9,645
Public building		25,000
Total	1,384,798	796,005
Bank charges		27
Total	1,384,798	796,032
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	114,103	(545,968)
TRANSFER FROM (TO) OTHER FUNDS		1,530,051
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS	114,103	984,083
FUND BALANCE, BEGINNING OF YEAR	1,475,279	491,196
FUND BALANCE, END OF YEAR	$1,589,382	$1,475,279

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - JUNE 30, 2007 AND 2006

	COURTS					TOTALS	
	Probate	State and Superior	Magistrate	Sheriff	Tax Commissioner	June 30, 2007	2006
Cash	$ 1	$ 26,977	$5,610	$212,977	$224,958	$470,523	$398,256
DUE TO OTHERS:							
Collected funds	$ 1	$ 26,977	$5,610	$212,977	$224,958	$470,523	$398,256

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30,2006	Additions	Deductions	Balance June 30,2007
ASSETS				
CASH:				
Tax Commissioner	$ 189,321	$7,602,648	$7,567,011	$ 224,958
Clerk of Courts (State and Superior)	25,272	765,825	764,120	26,977
Sheriff	178,488	515,891	481,402	212,977
Probate Court	1	11,839	11,839	1
Magistrate Court	5,174	116,153	115,717	5,610
TOTAL	$ 398,256	$9,012,356	$8,940,089	$ 470,523
LIABILITIES				
DUE TO OTHERS:				
Governmental units, retirement plans, etc.	$ 398,256	$9,012,356	$8,940,089	$ 470,523

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND (CDBG)

BALANCE SHEET, JUNE 30, 2006

ASSETS

CURRENT ASSETS:	
Cash	$ 1,000

LIABILITIES

CURRENT LIABILITIES:	
Due to other funds	$ 1,000

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE
2006 PROPERTY AND MOTOR VEHICLES - NOD'S TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2007

	Total	State	County	School	City of Metter
CHARGES:					
Property tax digest	$4,805,624	$ 40,565	$2,159,362	$2,124,001	$ 481,696
Motor vehicles	346,878	2,845	162,241	158,208	23,584
Additions to tax digest	672,143	5,787	309,395	300,934	56,027
Interest	19,588	132	11,137	6,917	1,402
Mobile homes	17,011	142	8,110	7,878	881
Timber	34,554	301	17,475	16,778	
TOTAL	$5,895,798	$ 49,772	$2,667,720	$2,614,716	$ 563,590
CREDITS:					
Remittances	$5,358,300	$ 43,377	$2,427,231	$2,374,217	$ 513,475
Commissions - County	5,405	2,366		2,376	663
Errors and reliefs	182,479	1,577	84,640	83,629	12,633
Taxes receivable - June 30, 2007	351,421	2,947	156,786	155,185	36,503
Under (over) remitted collections	(1,807)	(495)	(937)	(691)	316
TOTAL	$5,895,798	$ 49,772	$2,667,720	$2,614,716	$ 563,590

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE -
2007 MOTOR VEHICLES, MOBILE HOMES, AND TIMBER TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2007

	Total	State	County	School	City of Metter
			MOTOR VEHICLES, MOBILE HOMES AND TIMBER		
CHARGES:					
Motor vehicles	$ 333,702	$ 2,881	$ 154,562	$ 152,637	$ 23,622
Timber	24,488	226	12,318	11,944	
Mobile homes	36,066	322	17,457	17,079	1,208
TOTAL	$ 394,256	$ 3,429	$ 184,337	$ 181,660	$ 24,830
CREDITS:					
Remittances	$ 388,567	$ 3,197	$ 182,162	$ 179,371	$ 23,837
Commissions - County	1,568	203		180	1,185
Taxes receivable, June 30, 2007	4,316	40	2,171	2,105	
Errors and reliefs	8		4	4	
Under (over) remitted collections	(203)	(11)			(192)
TOTAL	$ 394,256	$ 3,429	$ 184,337	$ 181,660	$ 24,830

CANDLER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2007

Project	Original Estimated Costs	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
1995:					
Renovation and equipment for Candler County Hospital, recreational facilities, solid waste facilities, construction and equipment for County administrative offices, renovating certain public buildings, and capitalized interest and bond issuance costs	$2,587,717	$2,920,910		$2,920,910	112.9%
Road, street and bridges	2,600,000	1,554,573		1,554,573	59.8%
TOTAL	$5,187,717	$4,475,483		$4,475,483	86.3%
2001:					
Public works equipment	$1,775,000	$1,028,508		$1,028,508	57.9%
Landfill	550,000	463,194		463,194	84.2%
Public buildings	830,000	589,070		589,070	71.0%
Public safety equipment	295,000	135,862		135,862	46.1%
Hospital equipment	40,000	31,782		31,782	79.5%
City of Metter	1,560,000	1,231,246	$554,082	1,785,328	114.4%
City of Pulaski	325,000	255,873	43,923	299,796	92.2%
Road, street and bridges	2,375,000				0.0%
TOTAL	$7,750,000	$3,735,535	$598,005	$4,333,540	55.9%
2006:					
Public building projects	$ 904,000	$ 25,000		$ 25,000	2.8%
New equipment	1,250,000	323,800	$162,070	485,870	38.9%
Public works project	883,000				0.0%
Drainage, roads and bridge improvements/expansions	1,850,000				0.0%
Recreation department projects	195,000		5,854	5,854	3.0%
City of Metter projects	3,630,000	96,451	562,608	659,059	18.2%
Town of Pulaski	363,000	9,645	56,261	65,906	18.2%
TOTAL	$9,075,000	$ 454,896	$786,793	$1,241,689	13.7%

HERMAN MONGIN
CERTIFIED PUBLIC ACCOUNTANT
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I. REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIALSTATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Candler County, Georgia

We have audited the financial statements of Candler County, Georgia as of and for the year ended June 30, 2007, and have issued our report thereon dated December 12, 2007. We did not audit the financial statements of the Candler County Board of Health, a component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for Candler County, Georgia, was based solely on the report of the other auditor. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Candler County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the Candler County's financial statements that is more than inconsequential will not be prevented or detected by the Candler County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Candler County'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the Georgia Department of Community Affairs, OneGeorgia Authority and the Department of Audits and Accounts and other associated federal organizations and is not intended to be and should not be used by anyone other than these specified parties.

Herman Morgan

December 12, 2007