CANDLER COUNTY, GEORGIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2008
AND
INDEPENDENT AUDITOR'S REPORT
****

HERMAN MONGIN
CERTIFIED PUBLIC ACCOUNTANT

CANDLER COUNTY, GEORGIA

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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, 2008, 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, 2008, 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 11, 2008 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, 2008.

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 and schedules, including the Schedule of Expenditures of Special Sales Tax Proceeds 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 11, 2008

CANDLER COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			-Component Unit-
	Governmental Activities	Business-Type Activities	Total	Board Health
ASSETS				
Cash	$ 6,283,119	$ 30,321	$ 6,313,440	$ 465,727
Receivables (net of allowance for uncollectibles):				
Taxes	493,772		493,772	
Accounts	406,389	500	406,889	9,943
Tax Commissioner	100,474		100,474	
Accrued interest receivable	48,169		48,169	
Prepaid expenses	36,848		36,848	
Capital assets:				
Land and other non-depreciable assets	306,494	13,468	319,962	
Other capital assets, net of depreciation	5,408,813	485,827	5,894,640	4,425
Total assets	13,084,078	530,116	13,614,194	480,095
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	445,523		445,523	13,155
Payroll withholdings	23,613		23,613	
Deferred revenues	4,225		4,225	
Current portion of long-term debt:				
Notes	99,809	18,750	118,559	
Accrued interest payable	3,031		3,031	
Long-term debt, net of current portion:				
Notes	371,931	400,000	771,931	
Landfill closure and post-closure costs	1,651,992		1,651,992	
Compensated absences	101,864		101,864	14,905
Total liabilities	2,701,988	418,750	3,120,738	28,060
NET ASSETS:				
Invested in capital assets, net of related debt	5,243,567	80,545	5,324,112	4,425
Restricted for:				
Landfill closure costs	342,200		342,200	
Prior year program income				95,061
Capital projects	1,649,887		1,649,887	
Unrestricted	3,146,436	30,821	3,177,257	352,549
TOTAL NET ASSETS	$10,382,090	$ 111,366	$10,493,456	$ 452,035

See the accompanyiny notes to financial statements.

EXHIBIT B

CANDLER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

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	$ 649,182	$ 52,566			$ (596,616)		$ (596,616)	
Judiciary	582,401	241,856	$ 925		(339,620)		(339,620)	
Police protection	666,162	265,844	2,163		(398,155)		(398,155)	
Detention Center	620,701	42,303	40,000		(538,398)		(538,398)	
Public buildings	109,430	7,390			(102,040)		(102,040)	
Welfare	9,500				(9,500)		(9,500)	
Health	105,347				(105,347)		(105,347)	
Agricultural assistance	76,995				(76,995)		(76,995)	
Roads and bridges	1,663,268		12,873	$216,230	(1,434,165)		(1,434,165)	
Garbage and trash disposal	445,135	602,104			156,969		156,969	
Garbage and trash collection	282,775	287,257			4,482		4,482	
Community Center	16,025	4,978			(11,047)		(11,047)	
Ambulance service	715,953	594,710			(121,243)		(121,243)	
Interest on long-term debt	18,976				(18,976)		(18,976)	
Other	1,640,365	158,724	11,256		(1,470,385)		(1,470,385)	
Total governmental activities	7,602,215	2,257,732	67,217	216,230	(5,061,036)		(5,061,036)	
Business-type Activities:								
Public Building Authority	10,396	37,725				$ 27,329	27,329	
Total primary government	$7,612,611	$2,295,457	$ 67,217	$216,230	(5,061,036)	27,329	(5,033,707)	
Component Unit:								
Public Health	$ 391,098	$ 95,061	$365,903					$ 69,866
General Revenues:								
Property taxes					$ 2,550,016		2,550,016	
Sales taxes					2,161,054		2,161,054	
Interest and fees on taxes					180,218		180,218	
Other taxes					174,555		174,555	
Insurance premium tax					263,908		263,908	
Interest					205,167		205,167	
Other					27,933		27,933	
Loss on disposition of capital assets					(1,100)		(1,100)	
Total general revenues					5,561,751		5,561,751	
Change in net assets					500,715	27,329	528,044	69,866
Net assets - beginning					9,881,375	84,037	9,965,412	382,169
Net assets - ending					$10,382,090	$ 111,366	$10,493,456	$ 452,035

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2008

	General	Sales Tax Construction Fund	Capital Projects Fund (CDBG)	Governmental Funds
ASSETS				
Cash	$4,047,820	$2,231,549	$ 3,750	$6,283,119
Receivables (net of allowance for uncollectibles):				
Taxes	493,772			493,772
Accounts	282,127	124,262		406,389
Tax collector	100,474			100,474
Interest	48,169			48,169
Prepaid insurance	36,848			36,848
Due from other funds	606,830	(606,830)		
TOTAL	$5,616,040	$1,748,981	$ 3,750	$7,368,771
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 345,179	$ 99,094	$ 1,250	$ 445,523
Payroll withholdings	23,613			23,613
Deferred revenue	458,915		2,500	461,415
Total	827,707	99,094	3,750	930,551
Fund Balance:				
Unreserved	4,409,285			4,409,285
Reserved:				
Capital projects		1,649,887		1,649,887
Landfill closure costs	342,200			342,200
Prepaid insurance	36,848			36,848
Total	4,788,333	1,649,887		6,438,220
TOTAL	$5,616,040	$1,748,981	$ 3,750	$7,368,771

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, 2008

Fund balance - total governmental funds	$ 6,438,220
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	5,715,307
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	457,190
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(471,740)
Accrued interest payable	(3,031)
Compensated absences	(101,864)
Landfill closure and post closure costs	(1,651,992)
Net assets of governmental activities	$10,382,090

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, 2008

	General	Sales Tax Construction Fund	Capital Projects Fund (CDBG)	Governmental Funds
REVENUES:				
Taxes	$3,670,563	$1,449,889		$5,120,452
Licenses and permits	20,802			20,802
Interest and fees on taxes	192,355			192,355
Court fines and fees	512,810			512,810
Sheriff fees and costs	36,594			36,594
State and federal grants	189,249		$ 40,400	229,649
Other	1,844,647	75,611		1,920,258
Total revenue	6,467,020	1,525,500	40,400	8,032,920
EXPENDITURES:				
Current:				
General government	638,827	103		638,930
Judiciary	579,974			579,974
Police protection	606,535			606,535
Detention Center	575,966			575,966
Public buildings	51,600			51,600
Welfare	9,500			9,500
Health	105,347			105,347
Agricultural assistance	76,995			76,995
Roads and bridges	1,074,883	440,065		1,514,948
Garbage & trash disposal	255,767			255,767
Garbage & trash collection	276,919			276,919
Community Center	16,025			16,025
Ambulance Service	674,652			674,652
Other governmental services & unallocated expenditures	874,033	763,413		1,637,446
Total	5,817,023	1,203,581		7,020,604
Capital outlays	299,221	247,404	40,400	587,025
Debt Service:				
Principal	78,793			78,793
Interest	19,370			19,370
Total	98,163			98,163
Total expenditures	6,214,407	1,450,985	40,400	7,705,792
EXCESS OF REVENUE OVER EXPENDITURES	252,613	74,515		327,128
OTHER FINANCIAL SOURCES (USES):				
Loan proceeds	170,056			170,056
Transfers	14,010	(14,010)		
Total	184,066	(14,010)		170,056
NET CHANGE IN FUND BALANCE	436,679	60,505		497,184
FUND BALANCE, BEGINNING OF YEAR	4,351,654	1,589,382		5,941,036
FUND BALANCE, END OF YEAR	$4,788,333	$1,649,887	$ NIL	$6,438,220

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, 2008

Net change in fund balances - Total Governmental Funds		$ 497,184
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	$ 536,019	
Depreciation expense reported in the statement of activities	(419,420)	
Amount by which depreciation is less than capital outlays in current period		116,599
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 . .		78,793
Proceeds of long-term debt are recorded as other financing sources in the governmental funds; however, amounts are capitalized as long-term liabilities in the Statement of Activities		(170,056)
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		29,081
Emergency Medical Services Ambulance Fees		10,693
Landfill fees		31,336
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		(1,100)
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		394
Compensated absences		(7,799)
Landfill closure and post closure costs		(84,410)
Change in Net assets of Governmental Activities . .		$ 500,715

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, 2008

	---BUDGETED AMOUNTS--- Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$3,999,020	$3,999,020	$3,670,563	$ (328,457)
Licenses	20,350	20,350	20,802	452
Interest and fees on taxes	180,700	180,700	192,355	11,655
Court fines and fees	474,100	482,700	512,810	30,110
Sheriff fees and cost	34,000	34,000	36,594	2,594
State and federal grants	16,005	188,605	189,249	644
Other	2,238,717	2,362,606	1,844,647	(517,959)
Total	6,962,892	7,267,981	6,467,020	(800,961)
EXPENDITURES:				
General government	808,236	808,747	664,567	144,180
Judiciary	641,430	642,797	579,974	62,823
Police protection	739,646	741,486	641,935	99,551
Detention Center	580,877	580,877	575,966	4,911
Public buildings	126,120	126,120	84,322	41,798
Welfare	9,500	9,500	9,500	
Health	105,320	105,350	105,347	3
Agricultural assistance	102,275	102,275	76,995	25,280
Roads and bridges	1,253,815	1,426,415	1,276,476	149,939
Garbage and trash disposal	516,194	516,194	255,767	260,427
Garbage and trash collection	380,947	380,947	277,030	103,917
Community Center	30,475	30,475	16,025	14,450
Ambulance service	747,585	747,585	678,307	69,278
Other governmental services and unallocated expenditures	920,472	1,049,213	972,196	77,017
Total	6,962,892	7,267,981	6,214,407	1,053,574
EXCESS OF REVENUES OVER EXPENDITURES			252,613	252,613
OTHER FINANCING SOURCES:				
Loan proceeds			170,056	170,056
Transfer from sales tax construction fund			14,010	14,010
Total			184,066	184,066
NET CHANGE IN FUND BALANCE			436,679	436,679
FUND BALANCE, BEGINNING OF YEAR	4,351,654	4,351,654	4,351,654	
FUND BALANCE, END OF YEAR	$4,351,654	$4,351,654	$4,788,333	$ 436,679

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2008 AND 2007

	June 30, 2008	2007
ASSETS		
CURRENT ASSETS:		
Cash	$ 30,321	$ 18,096
Rents receivable	500	
Total	30,821	18,096
PROPERTY AND EQUIPMENT:		
Land	13,468	13,468
Building and other improvements	509,784	509,784
Equipment	7,153	7,153
Total	530,405	530,405
Less accumulated depreciation	31,110	20,714
Property and equipment - net	499,295	509,691
Total assets	530,116	527,787
LIABILITIES		
CURRENT LIABILITIES:		
Current portion - long-term notes	18,750	18,750
LONG-TERM DEBT:		
Note payable (less current portion shown above)	400,000	425,000
Total liabilities	418,750	443,750
NET ASSETS		
INVESTED IN CAPITAL ASSETS - NET OF RELATED DEBT	80,545	65,941
UNRESTRICTED	30,821	18,096
TOTAL NET ASSETS	$ 111,366	84,037

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, 2008 AND 2007

	Year Ended June 30, 2008	2007
OPERATING REVENUES:		
Rents	$ 37,725	$ 37,725
OPERATING EXPENSES:		
Depreciation	10,396	10,396
OPERATING INCOME AND CHANGES IN NET ASSETS	27,329	27,329
NET ASSETS, BEGINNING OF YEAR	84,037	56,708
NET ASSETS, END OF YEAR	$ 111,366	$ 84,037

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, 2008 AND 2007

	Year Ended June 30, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, users and grants	$ 37,225	$ 42,675
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Temporary cash advances from general fund		(25,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(25,000)	(31,250)
NET INCREASE IN CASH	12,225	(13,575)
CASH, BEGINNING OF YEAR	18,096	31,671
CASH, END OF YEAR	$ 30,321	$ 18,096
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Income from operations	27,329	27,329
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	10,396	10,396
Decrease (increase) in operating assets:		
Rents receivable	(500)	6,000
Increase (decrease) in operating liabilities:		
Deferred revenue		(1,050)
Total	9,896	15,346
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 37,225	$ 42,675

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2008

	Agency Funds
ASSETS	
Cash	$ 393,879
LIABILITIES	
Due to others:	
Governmental units, retirement plans, etc.	$ 393,879

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2008

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 types:

The **Capital Projects Fund (CDBG) -** This fund accounts for the construction of capital projects being financed by a CDBG grant.

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, 2008. 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 20, 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
Site improvements	10 - 35

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, 2008.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - At year-end, the carrying amount of the primary Government's deposits were $4,458,579 and the bank balances were $4,584,363. Of the bank balance, $1,208,007 was covered by federal depository insurance and $3,376,356 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 $465,727 and the bank balances were $467,767. Of the bank balance, $200,000 was covered by federal depository insurance and $267,767 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, 2008 consisted of certificate of deposits of $2,193,755, bearing interest at 3.25% to 4.85% with maturities of July, 2008 through December, 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 2007 collected during the current year has been recognized as revenue.

Property taxes receivable at June 30, 2008, is composed of the following:

Year of Levy:	
2007	$274,676
Prior to 2007	273,960
Total	548,636
Less - allowance for uncollectible	54,864
Net receivable	$493,772

C. Accounts Receivable

Primary Government

Receivables at June 30, 2008 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	$ 548,636		$ 548,636
Accounts	850,607	$124,262	974,869
Tax Commissioner	100,474		100,474
Interest	48,169		48,169
Gross receivables	1,547,886	124,262	1,672,148
Less: allowance for uncollectibles	623,344		623,344
Net total receivables	$ 924,542	$124,262	$1,048,804

Discretely Presented Component Units

Trade receivables from the Candler County Board of Health as of June 30, 2008 are as follows:

	Board of Health
Receivables:	
Accounts	$ 9,943
Gross receivables	9,943
Less: allowance for uncollectibles	NIL
Net total receivables	$ 9,943

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	$ 457,190
Community Center fees	1,725
TOTAL .	$ 458,915

D. Capital Assets

Primary Government
Capital asset activity for the year ended June 30, 2008 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	$140,807		169,418
Total capital assets not being depreciated	165,687	140,807		306,494
Other capital assets:				
Buildings & other improvements	4,606,043			4,606,043
Machinery and equipment	3,160,741	354,129	$88,863	3,426,007
Depreciable site improvements	1,736,015	41,083		1,777,098
Total other capital assets at historical cost	9,502,799	395,212	88,863	9,809,148
Less accumulated depreciation:				
Buildings & other improvements	1,159,091	95,755		1,254,846
Machinery and equipment	1,561,927	260,607	87,763	1,738,771
Depreciable site improvements	1,347,660	63,058		1,410,718
Total accumulated depreciation	4,068,678	419,420	87,763	4,400,335
Other capital assets, net	5,434,121	(24,208)	1,100	5,408,813
Governmental activities, capital assets, net	$5,599,808	$116,599	$1,100	$5,715,307
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 capial assets at historical cost	516,937			516,937
Less accumulated depreciation:				
Building and other improvements	18,352	9,176		27,528
Equipment	2,362	1,220		3,582
Total accumulated depreciation	20,714	10,396		31,110
Other capital assets - net	496,223	10,396		485,827
Business-type activities, capital assets, net	$509,691	$10,396		$499,295

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

Governmental activities:	
General government	$ 10,862
Judiciary	1,011
Police protection	46,422
Detention Center	43,554
Public buildings	57,830
Roads and bridges	110,362
Garbage and trash disposal	109,062
Ambulance service	37,923
Other - EMA	2,394
Total governmental activities depreciation expense	$ 419,420

Capital asset activity for the Board of Health for the year ended June 30, 2008 was as follows:

	------Public Health Center-------			
	Beginning Balance	Increases	Decrease	Ending Balance
Other capital assets:				
Equipment	$87,617		$ 26,661	$60,956
Less accumulated depreciation	75,809	$ 3,942	23,220	56,531
Other capital assets, net	$11,808	$ 3,942	$ 3,441	$ 4,425

E. Interfund Receivables, Payables and Transfers

As of June 30, 2008, due to/from other funds which are considered current in nature, were as follows:

	Due From	Due To
Governmental Funds:		
Major Funds:		
General Fund	$ 606,830	
Sales Tax Construction Fund		$ 606,830
Business-Type Activities:		
Public Bulding Fund	$ 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, 2008 were as follows:

	Transfers Out	Transfers In
General Fund		$ 14,010
Sales Tax Construction	$ 14,010	

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

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, 2008, the County had received proceeds of $1,633,962 under these GEFA loans.

During the prior fiscal years, 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, 2008, the County had drawn down $500,000 for the construction and related cost of the Agricultural Regional Resource Center building.

During the current fiscal year, the County entered into an installment sale contract agreement for $170,056 from Caterpillar Financial Services Corporation in connection with the acquisition of an excavator. The contract agreement is for a period of thirty-six (36) months with payments of $4,723.78 per month with 0% interest.

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 $84,034:

Primary Government:
Governmental Activities:

FY Ending	Amount	Principal	Interest
June 30, 2009	$ 116,892	$ 99,809	$ 17,083
June 30, 2010	103,562	88,480	15,082
June 30, 2011	65,772	52,409	13,363
June 30, 2012	46,877	35,326	11,551
June 30, 2013	46,877	37,237	9,640
June 30, 2014-2017	175,791	158,476	17,315
TOTAL	$ 555,771	$ 471,737	$ 84,034

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, 2009	$ 18,750	$ 18,750	$ 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	25,000	25,000	NIL
June 30, 2014 - 2018	125,000	125,000	NIL
June 30, 2019 - 2023	125,000	125,000	NIL
June 30, 2024 - 2025	50,000	50,000	NIL
TOTAL	$ 418,750	$ 418,750	$ 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 $1,651,992 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 $1,338,774 will be recognized on a pro rata basis as the remaining estimated capacity of 343,423 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 44.37% 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 06/30/07	Additions	Reductions	Balance 06/30/08	Amount Due Within One Year
Primary Government:						
Governmental Activities:						
Notes - GEFA	$1,633,962	$380,476		$41,004	$339,472	$43,124
Closure & postclosure landfill care costs		1,567,582	$84,410		1,651,992	
Compensated absences		94,065	7,799		101,864	
Installment sales contract	170,056		170,056	37,790	132,266	56,685
TOTAL	$1,804,018	$2,042,123	$262,265	$78,794	$2,225,594	$99,809
Business-type Activities:						
0% Note - OneGeorgia Authority	$500,000	$443,750		$25,000	$418,750	$18,750
Component Unit:						
Compensated absences		$11,131	3,774		$14,905	

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, 2008. 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, 2008, 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, 2008, the County paid dues of $6,531. 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, 2008 AND 2007

	June 30, 2008	2007
ASSETS		
CASH	$4,047,820	$3,537,983
RECEIVABLES (net of allowance for uncollectibles):		
Taxes	493,772	495,378
Accounts	282,127	295,143
Tax collector	100,474	113,399
Interest	48,169	48,924
DUE FROM OTHER FUNDS	606,830	348,800
PREPAID INSURANCE	36,848	108,850
TOTAL	$5,616,040	$4,948,477
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 345,179	$ 184,762
Payroll withholdings	23,613	23,346
Deferred revenue	458,915	388,715
Total	827,707	596,823
FUND BALANCE:		
Unreserved	4,409,285	4,029,023
Reserved for:		
Prepaid insurance	36,848	108,850
Landfill closure costs	342,200	213,781
Total	4,788,333	4,351,654
TOTAL	$5,616,040	$4,948,477

CANDLER COUNTY, GEORGIA
GENERAL FUND

ANALYSIS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	Year Ended June 30, 2008	2007
FUND BALANCE, BEGINNING OF YEAR	$4,351,654	$3,356,636
ADDITIONS:		
Revenues	6,467,020	6,641,414
Loan proceeds	170,056	
Transfers from Sales Tax Construction Fund	14,010	
Total	6,651,086	6,641,414
DEDUCTIONS:		
Expenditures	6,214,407	5,646,396
FUND BALANCE, END OF YEAR	$4,788,333	$4,351,654

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	Year Ended June 30, 2008	2007
TAXES:		
Property	$2,173,169	$2,444,694
Motor vehicles	295,200	317,382
Mobile homes	49,032	43,636
Recording (real estate mortgage with maturities in excess of three years)	36,247	41,811
Local option sales tax	711,165	688,569
Malt and alcoholic beverage	86,315	85,398
Real estate transfer	9,574	12,963
Insurance premiums	263,908	250,979
Franchise	14,140	10,704
Railroad equipment tax	3,534	3,524
Financial institutions' business license tax	28,279	33,154
Total	3,670,563	3,932,814
LICENSES AND PERMITS:		
Business (malt and alcoholic beverage licenses)	8,730	9,075
Building/land permits	12,072	9,546
Total	20,802	18,621
INTEREST AND FEES ON TAXES:		
Interest, penalties and costs	180,218	171,686
Commissions	9,137	8,719
Collection fees - City	3,000	3,000
Total	192,355	183,405
COURT FINES AND FEES:		
Fines:		
State Court	341,654	315,183
Superior Court	29,902	38,104
Juvenile Court	1,154	
Fees:		
State and Superior Courts	40,942	41,732
Probate Court	9,571	10,387
Magistrate Court	23,583	23,078
Victim Assistance Program	24,300	31,384
Jail Surcharge	41,704	40,323
Total	512,810	500,191

	Year Ended June 30, 2008	2007
SHERIFF:		
Fees and costs	$ 36,594	$ 38,534
STATE AND FEDERAL GRANTS:		
Road projects	169,855	8,781
GDNR - Hazardous waste	645	
Governor's Grant		10,000
Drug Enforcement Agency	2,163	1,907
GEMA - Hazard mitigation	5,330	9,375
GEMA - Hazard waste		33,112
One Georgia	8,376	99,688
Emergency Management Assistance (EMA)	2,880	
Total	189,249	162,863
OTHER:		
Proceeds from sale of sand, dirt, pipes, blades, etc.	12,539	10,613
Auto tag and title fees and penalties	18,025	17,930
Community Center	4,978	4,171
Aerial maps	1,602	2,065
City of Metter - Detention Center	40,000	39,998
Community Service Program	12,873	10,257
Interest	129,556	117,981
Ambulance fees	584,017	587,512
Proceeds from property sales		3,000
Law Library	10,027	11,178
Jail phone	599	1,692
Other	15,394	10,545
Landfill and garbage fees	858,025	884,142
Election fees	10,990	543
Emanuel County - County Agent		6,251
Juvenile offender program	925	3,600
911 telephone fees	137,707	86,968
Rentals	7,390	6,540
Total	1,844,647	1,804,986
TOTAL	$6,467,020	$6,641,414

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	Year Ended June 30, 2008	2007
GENERAL GOVERNMENT:		
Administrative:		
Salaries	$ 167,131	$ 159,493
Advertising	2,613	2,587
Supplies	12,218	7,138
Travel and training	13,592	11,705
Telephone	6,421	6,638
Capital outlays	20,760	1,040
Miscellaneous	945	627
Computer service	3,225	3,320
Repairs and maintenance	3,888	2,759
Utilities	3,251	2,939
Dues and subscriptions	630	630
Workers' compensation insurance	1,453	1,392
Equipment leases	1,563	6,082
Group insurance	20,775	16,130
Payroll taxes	12,766	12,201
Total administrative	271,231	234,681
Office of Tax Commissioner:		
Salaries	140,363	131,101
Supplies	7,569	7,658
Computer services	8,946	9,028
Telephone	3,992	2,972
Miscellaneous		1,137
Travel and training	2,550	1,575
Dues and subscriptions	250	250
Advertising	724	232
Equipment leases	964	2,882
Group insurance	31,734	29,430
Payroll taxes	10,721	10,011
Workers' compensation insurance	1,027	851
Repairs and maintenance	4,018	3,668
Professional services	6,612	5,399
Total tax commissioner	219,470	206,194

	Year Ended June 30, 2008	2007
Office of Tax Assessors:		
Salaries	$ 107,991	$ 105,698
Travel and training	5,773	5,599
Supplies	12,893	7,779
Telephone	3,252	3,286
Miscellaneous	68	1,170
Dues and subscriptions	280	868
Computer services	2,450	1,579
Advertising	225	50
Equipment leases	1,930	3,702
Professional services	5,370	27,512
Payroll taxes	8,261	8,086
Workers' compensation insurance	1,581	1,760
Capital outlays	4,980	23,314
Repairs and maintenance	9,148	13,406
Group insurance	9,664	7,687
Total tax assessors	173,866	211,496
Total	664,567	652,371
JUDICIARY:		
State and Superior Court:		
Salaries	192,117	185,362
Supplies	7,221	5,918
Telephone	3,728	4,994
Jury fees and costs	7,677	6,804
Miscellaneous	60	535
Travel and training	1,368	1,617
Court reporter	3,164	3,105
Contributions to operating budgets	86,153	82,259
Computer services	6,767	7,200
Indigent defense	30,479	33,768
Juvenile Court	14,235	17,039
Dues and subscriptions	250	550
Payroll taxes	14,613	14,148
Group insurance	25,606	22,804
Workers' compensation insurance	1,425	1,306
Repairs and maintenance	126	126
Equipment leases	3,071	12,615
Total State and Superior Courts	398,060	400,150

	Year Ended June 30, 2008	2007
Probate Court:		
Salaries	$ 66,677	$ 62,772
Supplies	1,497	1,247
Telephone	1,491	1,440
Travel and training	193	
Dues and subscriptions	100	260
Workers' compensation	521	482
Equipment leases	1,201	3,901
Group insurance	8,754	7,823
Professional fees	2,025	580
Computer services	492	
Payroll taxes	5,101	4,802
Total Probate Court	88,052	83,307
Magistrate Court:		
Salaries	64,818	63,779
Supplies	1,275	1,999
Telephone	1,033	1,082
Miscellaneous		175
Equipment leases	905	1,491
Group insurance	8,492	7,573
Payroll taxes	4,958	4,878
Workers' compensation insurance	440	409
Total Magistrate Court	81,921	81,386
Coroner:		
Salary and costs	11,941	11,493
Total	579,974	576,336

	Year Ended June 30, 2008	2007
POLICE PROTECTION:		
Salaries	$ 360,451	$ 354,717
Repairs and maintenance	28,427	14,043
Gasoline and oil	40,518	33,524
Supplies	16,835	14,939
Uniforms	1,666	2,825
Telephone	12,917	13,931
Capital outlays	35,400	47,695
Travel and training	4,181	4,116
Miscellaneous	21	950
Drug Task Force	10,826	10,826
Computer Service	4,842	9,954
Utilities	7,573	9,279
Dues and subscriptions	575	575
Equipment leases	436	2,103
Group insurance	74,029	66,659
Payroll taxes	27,545	27,105
Professional fees	3,820	2,550
Workers' compensation insurance	11,873	12,136
Total	641,935	627,927
DETENTION CENTER:		
Salaries	201,687	214,129
Telephone	2,159	2,790
Supplies	57,610	29,121
Utilities	30,292	32,523
Repairs and maintenance	76,446	16,092
Laundry and uniforms	1,362	1,404
Travel and training	448	856
Prisoners' food	94,890	107,126
Miscellaneous	1,246	65
Medical costs - prisoners	35,576	34,042
Computer services	1,369	1,602
Group insurance	50,195	45,644
Payroll taxes	15,404	16,307
Workers' compensation insurance	7,282	7,767
Total	575,966	509,468

	Year Ended June 30, 2008	2007
PUBLIC BUILDINGS:		
Supplies	$ 2,625	$ 3,419
Miscellaneous	350	207
Utilities	18,386	18,706
Repairs and maintenance	11,489	32,036
Capital Outlays	32,722	(2,263)
Contractual services	18,750	18,750
Total	84,322	70,855
WELFARE:		
Dept. of Family and Children's Services	9,500	7,000
HEALTH:		
Department of Public Health	105,347	105,320
AGRICULTURAL ASSISTANCE:		
Salaries and wages	43,722	50,240
Travel and training	10,289	6,089
Utilities	3,094	2,554
Telephone	3,686	4,055
Contributions to retirement plans	4,084	2,725
Supplies and other	3,087	2,901
Rentals	4,200	4,200
Equipment leases	1,698	4,294
Payroll taxes	3,135	1,268
Total	76,995	78,326

	Year Ended June 30, 2008	2007
ROADS AND BRIDGES:		
Salaries and wages	$ 356,401	$ 355,197
Culverts, pipes & other materials	92,845	102,091
Capital outlays	201,593	
Repairs & maintenance of machinery	88,008	60,670
Fuel, oil and grease	150,365	99,835
Utilities	1,414	267
Telephone	6,697	7,119
Miscellaneous	1,007	4,911
Uniforms	4,269	3,899
Contractual services	37,500	37,500
Travel and training	819	1,804
Road projects	159,418	62,427
Group insurance	110,134	101,388
Payroll taxes	27,550	27,310
Workers' compensation insurance	38,266	33,560
Advertising	190	57
Total	1,276,476	898,035
GARBAGE AND TRASH DISPOSAL:		
Salaries	77,701	94,784
Materials and supplies	8,776	13,236
Repairs and maintenance	30,559	26,402
Capital outlays		8,582
Gasoline, oil and grease	37,591	25,050
Professional services	11,761	3,197
Telephone	3,047	2,849
Miscellaneous	808	2,134
Contractual services	18,750	18,750
State assessment	6,804	7,214
Travel and training	2,032	1,187
Utilities	5,442	5,444
Monitoring fees	16,505	29,260
Equipment leases	382	1,571
Workers' compensation insurance	3,913	7,600
Group insurance	25,719	27,432
Payroll taxes	5,977	7,216
Total	255,767	281,908

	Year Ended June 30, 2008	2007
GARBAGE AND TRASH COLLECTION:		
Salaries	$ 553	
Payroll taxes	42	
Worker's compensation insurance	227	
Supplies	912	
Telephone	513	
Utilities	262	
Contractual services	273,908	$ 255,819
Capital outlays	111	20,029
Miscellaneous	502	
Total	277,030	275,848
COMMUNITY CENTER:		
Salaries	3,940	3,875
Supplies	5,174	1,450
Telephone	762	826
Utilities	3,745	2,941
Repairs and maintenance	1,153	2,563
Travel and training	275	300
Payroll taxes	322	319
Insurance	596	780
Workers' compensation insurance	58	41
Total	16,025	13,095
AMBULANCE SERVICE:		
Salaries	446,057	424,783
Supplies	25,367	22,441
Telephone	10,181	10,144
Repairs and maintenance	22,191	17,770
Travel and training	2,156	994
Fuel	22,331	16,815
Capital outlays	3,655	29,600
Computer service	19,991	4,043
Uniforms	1,890	1,903
Dues, subscriptions, and fees	9,090	8,280
Utilities	6,330	5,460
Miscellaneous	848	1,425
Equipment leases	1,094	1,382
Group insurance	58,871	64,738
Payroll taxes	34,141	32,439
Workers' compensation insurance	14,114	14,310
Total	678,307	656,527

	Year Ended June 30, 2008	2007
OTHER GOVERNMENTAL SERVICES AND UNALLOCATED EXPENSES:		
Candler County Library	$ 37,697	$ 35,465
Candler County Recreation Program	96,403	80,000
Elections:		
Registrars	34,484	33,109
Election costs	47,020	52,371
Heart of Georgia Altamaha Regional Development Center	19,577	8,937
Association County Commissioners of Georgia	2,331	2,155
Emergency management	13,649	13,040
Rentals, etc. - soil conservation	17,890	16,514
Insurance	68,001	85,082
Professional services	67,282	63,390
Interest	3,238	33
Fire protection	108,000	102,600
Metter airport	87,904	37,512
High Hope Center	1,000	1,000
Indigent burials	500	1,500
Animal Haven	35,942	33,870
Forestry	4,446	4,458
Concerted services	3,600	3,607
Board of Equalization	856	1,515
Economic Development	57,860	52,530
Law Library	6,092	3,323
Victim Assistance Program	28,000	28,000
Debt service:		
Loans	98,163	60,207
Cities in Schools	5,576	5,310
Family connections	2,984	3,389
Keep Candler Beautiful Program	150	150
E-911	114,948	161,692
School drug program	8,511	
Miscellaneous	92	2,621
Total	972,196	893,380
TOTAL	$6,214,407	$5,646,396

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND
SALES TAX CONSTRUCTION FUND

BALANCE SHEET, JUNE 30, 2008 AND 2007

	June 30, 2008	2007
ASSETS		
Cash	$2,231,549	$1,929,019
Accounts Receivable	124,262	131,712
TOTAL	$2,355,811	$2,060,731
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 99,094	$ 122,549
Due to other funds	606,830	348,800
Total liabilities	705,924	471,349
FUND BALANCE:		
Reserved	1,649,887	1,589,382
TOTAL	$2,355,811	$2,060,731

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, 2008 AND 2007

	Year Ended June 30, 2008	2007
REVENUES:		
Special sales tax	$1,449,889	$1,406,522
Interest	75,611	92,379
Total	1,525,500	1,498,901
EXPENDITURES:		
Capital Outlays:		
City of Metter projects	579,956	1,116,691
Roads and bridges	440,065	162,070
Recreation department	125,461	5,854
City of Pulaski	57,996	100,183
Recycling center	85,990	
Computers - Administration	33,300	
Public building	128,114	
Total	1,450,882	1,384,798
Bank charges	103	
Total	1,450,985	1,384,798
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,515	114,103
TRANSFER FROM (TO) OTHER FUNDS	(14,010)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS	60,505	114,103
FUND BALANCE, BEGINNING OF YEAR	1,589,382	1,475,279
FUND BALANCE, END OF YEAR	$1,649,887	$1,589,382

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - JUNE 30, 2008 AND 2007

	COURTS					TOTALS	
	Probate	State and Superior	Magistrate	Sheriff	Tax Commissioner	June 30, 2008	2007
Cash	$ 1	$ 10,562	$5,748	$141,508	$236,060	$393,879	$470,523
DUE TO OTHERS:							
Collected funds	$ 1	$ 10,562	$5,748	$141,508	$236,060	$393,879	$470,523

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30,2007	Additions	Deductions	Balance June 30,2008
ASSETS				
CASH:				
Tax Commissioner	$ 224,958	$7,604,843	$7,593,741	$ 236,060
Clerk of Courts (State and Superior)	26,977	802,597	819,012	10,562
Sheriff	212,977	494,736	566,205	141,508
Probate Court	1	13,754	13,754	1
Magistrate Court	5,610	110,692	110,554	5,748
TOTAL	$ 470,523	$9,026,622	$9,103,266	$ 393,879
LIABILITIES				
DUE TO OTHERS:				
Governmental units, retirement plans, etc.	$ 470,523	$9,026,622	$9,103,266	$ 393,879

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND (CDBG)

BALANCE SHEET, JUNE 30, 2008

ASSETS

CURRENT ASSETS:	
Cash	$ 3,750

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 1,250
Deferred revenue	2,500
TOTAL	$ 3,750

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES:	
CDBG drawdowns	$ 40,400
EXPENDITURES:	
Administration	12,500
Construction costs	27,900
Total	40,400
EXCESS OF REVENUES OVER EXPENDITURES	NIL
FUND BALANCE, BEGINNING OF YEAR	NIL
FUND BALANCE, END OF YEAR	$ NIL

CANDLER COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
PROGRAM YEAR 2007; CDBG 07P-Y-021-1-3317

STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD SEPTEMBER 7, 2007 THROUGH JUNE 30, 2008

Total Program Year 2007 funds allocated to recipient	$500,000
Less: Program Year 2007 funds drawn down by recipient . . .	42,900
Funds available from DCA - Program Year 2007 adjusted resources	$457,100
Total Program Year 2007 funds drawn down by recipient	$ 42,900
Program income applicable to Program Year 2007	NIL
Total Program Year 2007 funds received	42,900
Less: Funds applied to Program Year 2007 cost (Schedule 12)	39,150
Total Program Year 2007 Funds held by recipient	$ 3,750
Total Program Year 2007 funds available for disposition . . .	$460,850

CANDLER COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
CDBG NO. 07P-Y-021-1-3317

PROGRAM YEAR 2007; PROGRAM YEAR PERIOD
SEPTEMBER 7, 2007 TO JUNE 30, 2008

STATEMENT OF PROGRAM COSTS
FOR THE PERIOD SEPTEMBER 7, 2007 THROUGH JUNE 30, 2008

Program Activity And Related Projects	Authorized Costs	Expenditures Paid Period Ended June 30,2008	Questioned Costs
Administration	$ 30,000	$ 11,250	$ NIL
Engineering - Street improvements/ flood and drainage	27,900	27,900	NIL
Street improvements	334,739		NIL
Flood and drainage facilities	68,720		NIL
Contingencies	38,641		NIL
TOTAL	$ 500,000	$ 39,150	$ NIL

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE
2007 PROPERTY AND MOTOR VEHICLES - NOD'S TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2008

	Total	State	County	School	City of Metter
CHARGES:					
Property tax digest	$4,708,718	$ 42,878	$1,969,512	$2,203,305	$ 493,023
Motor vehicles	344,560	2,980	159,950	157,914	23,716
Additions to tax digest	439,143	3,642	186,732	204,929	43,840
Interest	28,602	143	19,723	7,306	1,430
Mobile homes	25,955	233	12,667	12,378	677
Timber	39,414	363	19,827	19,224	
TOTAL	$5,586,392	$ 50,239	$2,368,411	$2,605,056	$ 562,686
CREDITS:					
Remittances	$5,211,498	$ 44,798	$2,212,803	$2,427,329	$ 526,568
Commissions - County	5,304	2,213		2,426	665
Errors and reliefs	(6,664)	(62)	(3,178)	(3,231)	(193)
Taxes receivable - June 30, 2008	383,678	3,632	162,518	182,116	35,412
Under (over) remitted collections	(7,424)	(342)	(3,732)	(3,584)	234
TOTAL	$5,586,392	$ 50,239	$2,368,411	$2,605,056	$ 562,686

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE -
2008 MOTOR VEHICLES, MOBILE HOMES, AND TIMBER TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2008

	Total	State	County	School	City of Metter
MOTOR VEHICLES, MOBILE HOMES AND TIMBER					
CHARGES:					
Motor vehicles	$ 313,247	$ 3,020	$ 134,659	$ 150,887	$ 24,681
Timber	10,237	106	4,856	5,275	
Mobile homes	30,306	303	13,714	15,133	1,156
TOTAL	$ 353,790	$ 3,429	$ 153,229	$ 171,295	$ 25,837
CREDITS:					
Remittances	$ 348,519	$ 3,248	$ 151,366	$ 169,102	$ 24,803
Commissions - County	1,589	204		169	1,216
Taxes receivable, June 30, 2008	3,603	37	1,709	1,857	
Under (over) remitted collections	79	(60)	154	167	(182)
TOTAL	$ 353,790	$ 3,429	$ 153,229	$ 171,295	$ 25,837

SCHEDULE 15

CANDLER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Estimated Cost	Latest Estimated Cost	---Expenditures--- Prior Years	Current Year	Total	Estimated Percentage of Completion
1995:						
Renovation & equipment for Candler County Hospital, recreational facilities, solid waste facilities, construction and equipment for County administrative offices, renovating certain public buildings & capitalized interest & bond issuance costs	$2,587,717	$2,920,910	$2,920,910		$2,920,910	100%
Road, street and bridges	2,600,000	1,764,501	1,554,573	209,928	1,764,501	100%
TOTAL	$5,187,717	$4,685,411	$4,475,483	$209,928	$4,685,411	100%
2001:						
Public works equipment	$1,775,000	$1,028,508	$1,028,508		$1,028,508	100%
Landfill	550,000	463,194	463,194		463,194	100%
Public buildings	830,000	1,279,070	589,070	$27,380	616,450	48.2%
Public safety equipment	295,000	135,862	135,862		135,862	100%
Hospital equipment	40,000	31,782	31,782		31,782	100%
City of Metter	1,560,000	1,785,328	1,785,328		1,785,328	100%
City of Pulaski	325,000	299,796	299,796		299,796	100%
Road, street and bridges	2,375,000	500,000		198,037	198,037	39.6%
TOTAL	$7,750,000	$5,523,540	$4,333,540	$225,417	$4,558,957	82.5%
2006:						
Public building projects	$904,000	$904,000	$25,000	$100,734	$125,734	13.9%
New equipment	1,250,000	1,250,000	485,870	33,300	519,170	41.5%
Public works project	883,000	883,000		100,000	100,000	11.3%
Drainage, roads & bridge improvements/expansioins	1,850,000	1,850,000		32,100	32,100	1.7%
Recreation department projects	195,000	195,000	5,854	125,461	131,315	67.3%
City of Metter projects	3,630,000	3,630,000	659,059	579,955	1,239,014	34.1%
Town of Pulaski	363,000	363,000	65,906	57,996	123,902	34.1%
TOTAL	$9,075,000	$9,075,000	$1,241,689	$1,029,546	$2,271,235	25.0%

HERMAN MONGIN
CERTIFIED PUBLIC ACCOUNTANT
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SAVANNAH, GEORGIA 31406
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I. 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

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, 2008, and have issued our report thereon dated December 11, 2008. 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, 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 11, 2008