JIM FLYNT

CANDLER COUNTY, GEORGIA

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2009
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, 2009, 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, 2009, 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 January 25, 2010 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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, 2009.

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 Rongin

January 25, 2010

CANDLER COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			-Component Unit-
	Governmental Activities	Business-Type Activities	Total	Board Health
ASSETS				
Cash	$ 5,326,492	$ 43,546	$ 5,370,038	$ 462,748
Receivables (net of allowance for uncollectibles):				
Taxes	626,661		626,661	
Accounts	408,835		408,835	20,841
Tax Commissioner	245,498		245,498	
Accrued interest receivable	12,543		12,543	
Prepaid expenses	42,904		42,904	
Capital assets:				
Land and other non-depreciable assets	145,658	13,468	159,126	
Other capital assets, net of depreciation	6,723,185	475,431	7,198,616	4,440
Total assets	13,531,776	532,445	14,064,221	488,029
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	328,037		328,037	13,163
Payroll withholdings	22,590		22,590	
Deferred revenues	2,980		2,980	
Current portion of long-term debt:				
Notes	685,207	18,750	703,957	
Accrued interest payable	8,416		8,416	
Long-term debt, net of current portion:				
Notes	283,456	375,000	658,456	
Landfill closure and post-closure costs	1,706,621		1,706,621	
Compensated absences	98,751		98,751	16,012
Total liabilities	3,136,058	393,750	3,529,808	29,175
NET ASSETS:				
Invested in capital assets, net of related debt	5,900,180	95,149	5,995,329	4,440
Restricted for:				
Landfill closure costs	476,374		476,374	
Prior year program income				96,131
Capital projects	618,380		618,380	
Unrestricted	3,400,784	43,546	3,444,330	358,283
TOTAL NET ASSETS	$10,395,718	$ 138,695	$10,534,413	$ 458,854

See the accompanyiny notes to financial statements.

EXHIBIT B

CANDLER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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	$ 698,288	$ 45,746			$ (652,542)		$ (652,542)	
Judiciary	615,988	211,421			(404,567)		(404,567)	
Police protection	636,127	227,867			(408,260)		(408,260)	
Detention Center	568,368	28,253			(540,115)		(540,115)	
Public buildings	121,552	44,735			(76,817)		(76,817)	
Welfare	10,000				(10,000)		(10,000)	
Health	105,879				(105,879)		(105,879)	
Agricultural assistance	83,410				(83,410)		(83,410)	
Roads and bridges	1,788,078		$ 11,075	$707,672	(1,069,331)		(1,069,331)	
Garbage and trash disposal	442,672	552,070			109,398		109,398	
Garbage and trash collection	312,955	270,097			(42,858)		(42,858)	
Community Center	11,370	3,362			(8,008)		(8,008)	
Ambulance service	729,871	667,252			(62,619)		(62,619)	
Interest on long-term debt	22,468				(22,468)		(22,468)	
Other	1,687,874	183,931		19,455	(1,484,488)		(1,484,488)	
Total governmental activities	7,834,900	2,234,734	11,075	727,127	(4,861,964)		(4,861,964)	
Business-type Activities:								
Public Building Authority	10,396	37,725				$ 27,329	27,329	
Total primary government	$7,845,296	$2,272,459	$ 11,075	$727,127	(4,861,964)	27,329	(4,834,635)	
Component Unit:								
Public Health	$ 438,308	$ 96,131	$348,996					$ 6,819
General Revenues:								
Property taxes					2,262,603		2,262,603	
Sales taxes					1,935,035		1,935,035	
Interest and fees on taxes					121,384		121,384	
Other taxes					175,024		175,024	
Insurance premium tax					270,340		270,340	
Interest					88,288		88,288	
Other					22,918		22,918	
Total general revenues					4,875,592		4,875,592	
Change in net assets					13,628	27,329	40,957	6,819
Net assets - beginning					10,382,090	111,366	10,493,456	452,035
Net assets - ending					$10,395,718	$ 138,695	$10,534,413	$ 458,854

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2009

	General	Sales Tax Construction Fund	Capital Projects Fund (CDBG)	Governmental Funds
ASSETS				
Cash	$3,988,884	$1,337,356	$ 252	$5,326,492
Receivables (net of allowance for uncollectibles):				
Taxes	626,661			626,661
Accounts	301,637	105,304	1,894	408,835
Tax collector	245,498			245,498
Interest	12,543			12,543
Prepaid insurance	42,904			42,904
Due from other funds	663,017	(663,017)		
TOTAL	$5,881,144	$ 779,643	$ 2,146	$6,662,933
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 164,628	$ 161,263	$ 2,146	$ 328,037
Payroll withholdings	22,590			22,590
Deferred revenue	588,868			588,868
Total	776,086	161,263	2,146	939,495
Fund Balance:				
Unreserved	4,585,780			4,585,780
Reserved:				
Capital projects		618,380		618,380
Landfill closure costs	476,374			476,374
Prepaid insurance	42,904			42,904
Total	5,105,058	618,380		5,723,438
TOTAL	$5,881,144	$ 779,643	$ 2,146	$6,662,933

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, 2009

Fund balance - total governmental funds	$ 5,723,438
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	6,868,843
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	585,888
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Notes payable	(968,663)
Accrued interest payable	(8,416)
Compensated absences	(98,751)
Landfill closure and post closure costs	(1,706,621)
Net assets of governmental activities	$10,395,718

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, 2009

	General	Sales Tax Construction Fund	Capital Projects Fund (CDBG)	Governmental Funds
REVENUES:				
Taxes	$3,271,841	$1,297,760		$4,569,601
Licenses and permits	15,829			15,829
Interest and fees on taxes	133,105			133,105
Court fines and fees	398,873			398,873
Sheriff fees and costs	63,969			63,969
State and federal grants	363,162		$ 379,095	742,257
Other	1,781,286	14,910		1,796,196
Total revenue	6,028,065	1,312,670	379,095	7,719,830
EXPENDITURES:				
Current:				
General government	685,017	250		685,267
Judiciary	616,233			616,233
Police protection	592,223			592,223
Detention Center	529,905			529,905
Public buildings	59,199			59,199
Welfare	10,000			10,000
Health	105,879			105,879
Agricultural assistance	82,371			82,371
Roads and bridges	1,011,979	272,531	379,095	1,663,605
Garbage & trash disposal	309,454			309,454
Garbage & trash collection	315,304			315,304
Community Center	11,370			11,370
Ambulance Service	700,227			700,227
Other governmental services & unallocated expenditures	1,027,300	648,609		1,675,909
Total	6,056,461	921,390	379,095	7,356,946
Capital outlays	134,721	1,422,787		1,557,508
Debt Service:				
Principal	104,533			104,533
Interest	17,083			17,083
Total	121,616			121,616
Total expenditures	6,312,798	2,344,177	379,095	9,036,070
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(284,733)	(1,031,507)		(1,316,240)
OTHER FINANCIAL SOURCES (USES):				
Loan proceeds	601,458			601,458
NET CHANGE IN FUND BALANCE	316,725	(1,031,507)		(714,782)
FUND BALANCE, BEGINNING OF YEAR	4,788,333	1,649,887		6,438,220
FUND BALANCE, END OF YEAR	$5,105,058	$ 618,380	$ NIL	$5,723,438

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, 2009

Net change in fund balances - Total Governmental Funds		$ (714,782)
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	$1,557,461	
Depreciation expense reported in the statement of activities	403,925	
Amount by which depreciation is less than capital outlays in current period		1,153,536
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 . .		104,533
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		601,458
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		73,401
Emergency Medical Services Ambulance Fees		14,910
Landfill fees		40,387
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		(5,385)
Compensated absences		3,113
Landfill closure and post closure costs		(54,629)
Change in Net assets of Governmental Activities . .		$1,216,542

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, 2009

	---BUDGETED AMOUNTS--- Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	$3,859,682	$3,859,682	$3,271,841	$ (587,841)
Licenses	22,669	22,669	15,829	(6,840)
Interest and fees on taxes	194,300	194,300	133,105	(61,195)
Court fines and fees	527,800	527,800	398,873	(128,927)
Sheriff fees and cost	36,000	36,000	63,969	27,969
State and federal grants	30,380	30,380	363,162	332,782
Other	1,906,298	1,906,298	1,781,286	(125,012)
Total	6,577,129	6,577,129	6,028,065	(549,064)
EXPENDITURES:				
General government	875,422	867,495	699,205	168,290
Judiciary	678,505	678,505	616,233	62,272
Police protection	673,684	673,684	611,433	62,251
Detention Center	579,207	579,207	529,905	49,302
Public buildings	194,100	194,100	66,035	128,065
Welfare	10,000	10,000	10,000	
Health	105,320	105,920	105,879	41
Agricultural assistance	107,111	107,111	104,161	2,950
Roads and bridges	1,139,151	1,139,151	1,043,984	95,167
Garbage and trash disposal	388,058	388,058	312,401	75,657
Garbage and trash collection	343,917	343,917	315,304	28,613
Community Center	42,189	42,189	11,370	30,819
Ambulance service	814,463	814,463	717,967	96,496
Other governmental services and unallocated expenditures	1,272,953	1,280,280	1,168,921	111,359
Total	7,224,080	7,224,080	6,312,798	911,282
EXCESS OF REVENUES OVER EXPENDITURES	(646,951)	(646,951)	(284,733)	362,218
OTHER FINANCING SOURCES:				
Loan proceeds			601,458	601,458
NET CHANGE IN FUND BALANCE	(646,951)	(646,951)	316,725	963,676
FUND BALANCE, BEGINNING OF YEAR	4,788,333	4,788,333	4,788,333	
FUND BALANCE, END OF YEAR	$4,141,382	$4,181,382	$5,105,058	$ 963,676

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
PROPRIETARY FUND - PUBLIC BUILDING AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2009 AND 2008

	June 30, 2009	2008
ASSETS		
CURRENT ASSETS:		
Cash	$ 43,546	$ 30,321
Rents receivable		500
Total	43,546	30,821
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	41,506	31,110
Property and equipment - net	488,899	499,295
Total assets	532,445	530,116
LIABILITIES		
CURRENT LIABILITIES:		
Current portion - long-term notes	18,750	18,750
LONG-TERM DEBT:		
Note payable (less current portion shown above)	375,000	400,000
Total liabilities	393,750	418,750
NET ASSETS		
INVESTED IN CAPITAL ASSETS - NET OF RELATED DEBT	95,149	80,545
UNRESTRICTED	43,546	30,821
TOTAL NET ASSETS	$ 138,695	111,366

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, 2009 AND 2008

	Year Ended June 30, 2009	2008
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	111,366	84,037
NET ASSETS, END OF YEAR	$ 138,695	$ 111,366

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, 2009 AND 2008

	Year Ended June 30, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, users and grants	$ 38,225	$ 37,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(25,000)	(25,000)
NET INCREASE IN CASH	13,225	12,225
CASH, BEGINNING OF YEAR	30,321	18,096
CASH, END OF YEAR	$ 43,546	$ 30,321
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	(500)
Total	10,896	9,896
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 38,225	$ 37,225

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2009

	Agency Funds
ASSETS	
Cash	$ 701,311
LIABILITIES	
Due to others:	
Governmental units, retirement plans, etc.	$ 701,311

See the accompanying notes to financial statements.

CANDLER COUNTY, GEORGIA

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009

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 capital 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, 2009. 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 September 18, 2008.

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 capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital 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 capital 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, 2009.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - At year-end, the carrying amount of the primary Government's deposits were $4,899,565 and the bank balances were $4,972,375. Of the bank balance, $1,040,837 was covered by federal depository insurance and $3,931,538 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 $462,748 and the bank balances were $476,158. Of the bank balance, $250,000 was covered by federal depository insurance and $226,158 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, 2009 consisted of certificate of deposits of $1,171,279, bearing interest at 1.75% to 3.50% with maturities of September, 2009 through January, 2010.

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 2008 collected during the current year has been recognized as revenue.

Property taxes receivable at June 30, 2009, is composed of the following:

Year of Levy:	
2008	$312,042
Prior to 2008	384,248
Total	696,290
Less - allowance for uncollectible	69,629
Net receivable	$626,661

C. Accounts Receivable

Primary Government

Receivables at June 30, 2009 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	$ 696,290		$ 696,290
Accounts	935,821	$105,304	1,041,125
Tax Commissioner	245,498		245,498
Interest	12,543		12,543
Gross receivables	1,890,152	105,304	1,995,456
Less: allowance for uncollectibles	703,813		703,813
Net total receivables	$1,186,339	$105,304	$1,291,643

Discretely Presented Component Units

Trade receivables from the Candler County Board of Health as of June 30, 2009 are as follows:

	Board of Health
Receivables:	
Accounts	$ 20,841
Gross receivables	20,841
Less: allowance for uncollectibles	NIL
Net total receivables	$ 20,841

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	$ 585,888
Community Center fees	2,980
TOTAL .	$ 588,868

D. Capital Assets

Primary Government
Capital asset activity for the year ended June 30, 2009 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	169,418		$160,836	8,582
Total capital assets not being depreciated	306,494		160,836	145,658
Other capital assets:				
Buildings & other improvements	4,606,043	1,358,681		5,964,724
Machinery and equipment	3,426,007	360,616	$53,427	3,733,196
Depreciable site improvements	1,777,098			1,777,098
Total other capital assets at historical cost	9,809,148	1,719,297	53,427	11,475,018
Less accumulated depreciation:				
Buildings & other improvements	1,254,846	100,300		1,355,146
Machinery and equipment	1,734,771	256,930	52,427	1,939,274
Depreciable site improvements	1,410,718	46,695		1,457,413
Total accumulated depreciation	4,400,335	403,925	52,427	4,751,833
Other capital assets, net	5,408,813	1,315,372	-1,000	6,723,185
Governmental activities, capital assets, net	$5,715,307	$1,315,372	$161,836	$6,868,843
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	27,528	9,176		36,704
Equipment	3,582	1,220		4,802
Total accumulated depreciation	31,110	10,396		41,506
Other capital assets - net	485,827	(10,396)		475,431
Business-type activities, capital assets, net	$499,295	($10,396)		$488,899

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

Governmental activities:	
General government	$ 19,429
Judiciary	877
Police protection	41,505
Detention Center	39,990
Public buildings	62,353
Roads and bridges	121,507
Garbage and trash disposal	74,993
Ambulance service	27,751
Other - EMA	5,043
Agricultural assistance	1,039
Garbage and trash collection	9,438
Total governmental activities depreciation expense	$ 403,925

Capital asset activity for the Board of Health for the year ended June 30, 2009 was as follows:

	----Public Health Center----		
	Beginning Balance	Increases	Ending Balance
Other capital assets:			
Equipment	$60,956	$ 1,399	$62,355
Less accumulated depreciation	56,531	1,384	57,915
Other capital assets, net	$ 4,425	$ 15	$ 4,440

E. Interfund Receivables, Payables and Transfers

As of June 30, 2009, due to/from other funds which are considered current in nature, were as follows:

	Due From	Due To
Governmental Funds:		
Major Funds:		
General Fund	$ 663,017	
Sales Tax Construction Fund		$ 663,017
Business-Type Activities:		
Public Bulding Fund	$ NIL	$ NIL

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

There were no transfers for the year ended June 30, 2009.

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, 2009, 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, 2009, the County had drawn down $500,000 for the construction and related cost of the Agricultural Regional Resource Center building.

During the prior 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.

During the current fiscal year, the County entered into a $720,000 loan agreement with USDA to finance the construction of an EMS building. The note bears interest at 4.375% with monthly installments of $3,212 beginning January 20, 2010, with the EMS facility serving as collateral under the loan agreement. The County made draws of $601,458 under the loan agreement as of June 30, 2009. Subsequent to June 30, 2009, the County made additional draws of $81,759. During September, 2009, the County paid off the loan including accrued 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 $77,503:

Primary Government:
Governmental Activities:

FY Ending	Amount	Principal	Interest
June 30, 2010	$ 710,848	$ 685,214	$ 25,634
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	46,878	39,250	7,628
June 30, 2015-2017	128,913	119,226	9,687
TOTAL	$1,046,165	$ 968,662	$ 77,503

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, 2010	$ 18,750	$ 18,750	$ 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	25,000	25,000	NIL
June 30, 2015 - 2019	125,000	125,000	NIL
June 30, 2020 - 2024	125,000	125,000	NIL
June 30, 2025	25,000	25,000	NIL
TOTAL	$ 393,750	$ 393,750	$ 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 $1,706,621 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 $1,312,642 will be recognized on a pro rata basis as the remaining estimated capacity of 329,474 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-three years with 46.63% 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 06/30/08	Additions	Reductions	Balance 06/30/09	Amount Due Within One Year
Primary Government:						
Governmental Activities:						
Notes - GEFA	$1,633,962	$339,472		$43,124	$296,348	$31,796
Closure & postclosure landfill care costs		1,651,992	$54,629		1,706,621	
Note - USDA	720,000		$601,458		601,458	601,458
Compensated absences		101,864		3,113	98,751	
Installment sales contract	170,056	132,266		61,409	70,857	51,953
TOTAL	$2,524,018	$2,225,594	$656,087	$107,646	$2,774,035	$685,207
Business-type Activities:						
0% Note - OneGeorgia Authority	$500,000	$418,750		$25,000	$393,750	$18,750
Component Unit:						
Compensated absences		$14,905	11,541	$10,434	$16,012	

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 was not pending litigation at June 30, 2009.

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, 2009, 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, 2009, the County paid dues of $6,407. 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, 2009 AND 2008

	June 30, 2009	2008
ASSETS		
CASH	$3,988,884	$4,047,820
RECEIVABLES (net of allowance for uncollectibles):		
Taxes	626,661	493,772
Accounts	301,637	282,127
Tax collector	245,498	100,474
Interest	12,543	48,169
DUE FROM OTHER FUNDS	663,017	606,830
PREPAID INSURANCE	42,904	36,848
TOTAL	$5,881,144	$5,616,040
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 164,628	$ 345,179
Payroll withholdings	22,590	23,613
Deferred revenue	588,868	458,915
Total	776,086	827,707
FUND BALANCE:		
Unreserved	4,585,780	4,409,285
Reserved for:		
Prepaid insurance	42,904	36,848
Landfill closure costs	476,374	342,200
Total	5,105,058	4,788,333
TOTAL	$5,881,144	$5,616,040

CANDLER COUNTY, GEORGIA
GENERAL FUND

ANALYSIS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	Year Ended June 30, 2009	2008
FUND BALANCE, BEGINNING OF YEAR	$4,788,333	$4,351,654
ADDITIONS:		
Revenues	6,028,065	6,467,020
Loan proceeds	601,458	170,056
Transfers from Sales Tax Construction Fund		14,010
Total	6,629,523	6,651,086
DEDUCTIONS:		
Expenditures	6,312,798	6,214,407
FUND BALANCE, END OF YEAR	$5,105,058	$4,788,333

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	Year Ended June 30, 2009	2008
TAXES:		
Property	$1,918,967	$2,173,169
Motor vehicles	250,319	295,200
Mobile homes	16,901	49,032
Recording (real estate mortgage with maturities in excess of three years)	38,692	36,247
Local option sales tax	637,275	711,165
Malt and alcoholic beverage	84,383	86,315
Real estate transfer	6,090	9,574
Insurance premiums	270,340	263,908
Franchise	17,639	14,140
Railroad equipment tax	3,015	3,534
Financial institutions' business license tax	28,220	28,279
Total	3,271,841	3,670,563
LICENSES AND PERMITS:		
Business (malt and alcoholic beverage licenses)	8,400	8,730
Building/land permits	7,429	12,072
Total	15,829	20,802
INTEREST AND FEES ON TAXES:		
Interest, penalties and costs	121,384	180,218
Commissions	7,721	9,137
Collection fees - City	4,000	3,000
Total	133,105	192,355
COURT FINES AND FEES:		
Fines:		
State Court	246,303	341,654
Superior Court	27,545	29,902
Juvenile Court	279	1,154
Fees:		
State and Superior Courts	44,119	40,942
Probate Court	11,587	9,571
Magistrate Court	26,261	23,583
Victim Assistance Program	14,627	24,300
Jail Surcharge	28,152	41,704
Total	398,873	512,810

	Year Ended June 30, 2009	2008
SHERIFF:		
Fees and costs	$ 63,969	$ 36,594
STATE AND FEDERAL GRANTS:		
Road projects	308,477	169,855
GDNR - Hazardous waste		645
Governor's Grant	10,000	
Drug Enforcement Agency		2,163
GEMA - Hazard mitigation	19,455	5,330
GDNR - Pan Flu Exercises	3,000	
One Georgia	17,230	8,376
Emergency Management Assistance (EMA)	5,000	2,880
Total	363,162	189,249
OTHER:		
Proceeds from sale of sand, dirt, pipes, blades, etc.	9,841	12,539
Auto tag and title fees and penalties	17,015	18,025
Community Center	3,362	4,978
Aerial maps	1,181	1,602
City of Metter - Detention Center	40,000	40,000
Community Service Program	11,075	12,873
Contributions - Road project	20,100	
Interest	73,378	129,556
Ambulance fees	652,342	584,017
Law Library	10,124	10,027
Jail phone	101	599
Other	13,077	15,394
Landfill and garbage fees	781,780	858,025
Election fees	2,925	10,990
Juvenile offender program	4,598	925
911 telephone fees	135,652	137,707
Rentals	4,735	7,390
Total	1,781,286	1,844,647
TOTAL	$6,028,065	$6,467,020

CANDLER COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	Year Ended June 30, 2009	2008
GENERAL GOVERNMENT:		
Administrative:		
Salaries	$ 172,566	$ 167,131
Advertising	3,977	2,613
Supplies	10,377	12,218
Travel and training	13,398	13,592
Telephone	6,801	6,421
Capital outlays	3,666	20,760
Miscellaneous	1,909	945
Computer service	3,912	3,225
Repairs and maintenance	4,384	3,888
Utilities	3,422	3,251
Dues and subscriptions	460	630
Workers' compensation insurance	1,789	1,453
Equipment leases	1,543	1,563
Group insurance	18,589	20,775
Payroll taxes	13,300	12,766
Total administrative	260,093	271,231
Office of Tax Commissioner:		
Salaries	146,557	140,363
Supplies	13,076	7,569
Computer services	8,701	8,946
Telephone	2,981	3,992
Travel and training	3,151	2,550
Dues and subscriptions	250	250
Advertising	250	724
Equipment leases	1,105	964
Group insurance	29,114	31,734
Payroll taxes	11,182	10,721
Workers' compensation insurance	1,088	1,027
Repairs and maintenance	2,298	4,018
Capital outlays	5,246	
Professional services	8,225	6,612
Total tax commissioner	233,224	219,470

	Year Ended June 30, 2009	2008
Office of Tax Assessors:		
Salaries	$ 120,383	$ 107,991
Travel and training	8,077	5,773
Supplies	5,733	12,893
Telephone	3,265	3,252
Miscellaneous	31	68
Dues and subscriptions	245	280
Computer services	2,794	2,450
Advertising	220	225
Equipment leases	1,595	1,930
Professional services	9,203	5,370
Payroll taxes	9,209	8,261
Workers' compensation insurance	1,687	1,581
Capital outlays	5,276	4,980
Repairs and maintenance	9,043	9,148
Unemployment benefits	4,460	
Group insurance	24,667	9,664
Total tax assessors	205,888	173,866
Total	699,205	664,567
JUDICIARY:		
State and Superior Court:		
Salaries	193,646	192,117
Professional services	6,182	
Supplies	5,757	7,221
Telephone	4,885	3,728
Jury fees and costs	9,621	7,677
Miscellaneous	1,458	60
Travel and training	689	1,368
Court reporter	3,241	3,164
Contributions to operating budgets	88,938	86,153
Computer services	6,170	6,767
Indigent defense	33,884	30,479
Juvenile Court	16,843	14,235
Dues and subscriptions	350	250
Payroll taxes	14,756	14,613
Group insurance	19,290	25,606
Workers' compensation insurance	1,543	1,425
Repairs and maintenance	126	126
Equipment leases	2,852	3,071
Total State and Superior Courts	410,231	398,060

	Year Ended June 30, 2009	2008
Probate Court:		
Salaries	$ 74,973	$ 66,677
Supplies	2,123	1,497
Telephone	1,916	1,491
Travel and training		193
Dues and subscriptions	200	100
Workers' compensation	582	521
Equipment leases	1,195	1,201
Group insurance	15,091	8,754
Professional fees	1,960	2,025
Computer services	128	492
Payroll taxes	5,736	5,101
Total Probate Court	103,904	88,052
Magistrate Court:		
Salaries	67,425	64,818
Supplies	2,382	1,275
Telephone	1,158	1,033
Miscellaneous	160	
Equipment leases	906	905
Group insurance	7,921	8,492
Payroll taxes	5,157	4,958
Workers' compensation insurance	643	440
Total Magistrate Court	85,752	81,921
Coroner:		
Salary and costs	16,346	11,941
Total	616,233	579,974

	Year Ended June 30, 2009	2008
POLICE PROTECTION:		
Salaries	$ 369,398	$ 360,451
Repairs and maintenance	15,935	28,427
Gasoline and oil	36,372	40,518
Supplies	18,032	16,835
Uniforms	2,266	1,666
Telephone	13,331	12,917
Capital outlays	19,210	35,400
Travel and training	5,084	4,181
Miscellaneous	338	21
Drug Task Force	14,896	10,826
Computer Service	6,438	4,842
Utilities	7,173	7,573
Dues and subscriptions	575	575
Equipment leases	426	436
Group insurance	61,104	74,029
Payroll taxes	28,228	27,545
Professional fees	1,590	3,820
Workers' compensation insurance	11,037	11,873
Total	611,433	641,935
DETENTION CENTER:		
Salaries	203,005	201,687
Telephone	1,667	2,159
Supplies	63,704	57,610
Utilities	28,687	30,292
Repairs and maintenance	6,327	76,446
Laundry and uniforms	442	1,362
Travel and training	1,581	448
Prisoners' food	113,020	94,890
Miscellaneous		1,246
Medical costs - prisoners	35,256	35,576
Computer services	1,087	1,369
Group insurance	48,177	50,195
Payroll taxes	15,518	15,404
Insurance claim	5,000	
Workers' compensation insurance	6,434	7,282
Total	529,905	575,966

	Year Ended June 30, 2009	2008
PUBLIC BUILDINGS:		
Supplies	$ 3,969	$ 2,625
Miscellaneous	557	350
Utilities	24,038	18,386
Repairs and maintenance	10,059	11,489
Capital Outlays	6,836	32,722
Contractual services	20,576	18,750
Total	66,035	84,322
WELFARE:		
Dept. of Family and Children's Services	10,000	9,500
HEALTH:		
Department of Public Health	105,879	105,347
AGRICULTURAL ASSISTANCE:		
Salaries and wages	46,474	43,722
Travel and training	10,498	10,289
Capital outlays	21,790	
Utilities	4,033	3,094
Telephone	4,244	3,686
Contributions to retirement plans	4,382	4,084
Supplies and other	3,299	3,087
Rentals	4,200	4,200
Equipment leases	1,734	1,698
Payroll taxes	3,507	3,135
Total	104,161	76,995

	Year Ended June 30, 2009	2008
ROADS AND BRIDGES:		
Salaries and wages	$ 361,001	$ 356,401
Unemployment benefits	1,218	
Culverts, pipes & other materials	95,142	92,845
Capital outlays	29,921	201,593
Repairs & maintenance of machinery	82,696	88,008
Fuel, oil and grease	124,462	150,365
Utilities	1,169	1,414
Telephone	7,315	6,697
Miscellaneous	3,702	1,007
Uniforms	4,459	4,269
Contractual services	39,500	37,500
Travel and training	493	819
Road projects	118,824	159,418
Group insurance	110,205	110,134
Payroll taxes	27,530	27,550
Workers' compensation insurance	35,972	38,266
Advertising	375	190
Total	1,043,984	1,276,476
GARBAGE AND TRASH DISPOSAL:		
Salaries	99,591	77,701
Materials and supplies	12,645	8,776
Repairs and maintenance	25,572	30,559
Capital outlays	2,947	
Gasoline, oil and grease	31,139	37,591
Professional services	36,678	11,761
Telephone	2,929	3,047
Miscellaneous	522	808
Contractual services	19,750	18,750
State assessment	7,180	6,804
Travel and training	1,281	2,032
Utilities	6,149	5,442
Monitoring fees	23,536	16,505
Equipment leases	389	382
Workers' compensation insurance	4,968	3,913
Group insurance	28,444	25,719
Computer services	1,087	
Payroll taxes	7,594	5,977
Total	312,401	255,767

	Year Ended June 30, 2009	2008
GARBAGE AND TRASH COLLECTION:		
Salaries	$ 15,079	$ 553
Payroll taxes	1,153	42
Worker's compensation insurance	143	227
Supplies	804	912
Telephone	471	513
Utilities	737	262
Contractual services	296,742	273,908
Capital outlays		111
Miscellaneous	175	502
Total	315,304	277,030
COMMUNITY CENTER:		
Salaries	3,640	3,940
Supplies	1,293	5,174
Telephone	826	762
Utilities	3,951	3,745
Repairs and maintenance	1,003	1,153
Travel and training	300	275
Payroll taxes	294	322
Insurance		596
Workers' compensation insurance	63	58
Total	11,370	16,025
AMBULANCE SERVICE:		
Salaries	477,858	446,057
Professional services	690	
Supplies	22,743	25,367
Telephone	9,780	10,181
Repairs and maintenance	30,788	22,191
Travel and training	3,083	2,156
Fuel	16,081	22,331
Capital outlays	17,740	3,655
Computer service	7,949	19,991
Uniforms	2,825	1,890
Dues, subscriptions, and fees	8,320	9,090
Utilities	4,280	6,330
Miscellaneous	271	848
Equipment leases	1,678	1,094
Group insurance	63,077	58,871
Payroll taxes	36,403	34,141
Workers' compensation insurance	14,401	14,114
Total	717,967	678,307

	Year Ended June 30, 2009	2008
OTHER GOVERNMENTAL SERVICES AND UNALLOCATED EXPENSES:		
Candler County Library	$ 38,428	$ 37,697
Candler County Recreation Program	86,200	96,403
Elections:		
Registrars	51,579	34,484
Election costs	68,970	47,020
Heart of Georgia Altamaha Regional Development Center	726	19,577
Association County Commissioners of Georgia	2,331	2,331
Emergency management	31,013	13,649
Rentals, etc. - soil conservation	18,778	17,890
Insurance	69,255	68,001
Professional services	68,790	67,282
Interest		3,238
Fire protection	113,000	108,000
Metter airport	43,952	87,904
High Hope Center		1,000
Indigent burials	1,000	500
Animal Haven	39,133	35,942
Forestry	4,327	4,446
Concerted services	6,512	3,600
Board of Equalization	925	856
Economic Development	52,530	57,860
Law Library	5,063	6,092
Victim Assistance Program	28,000	28,000
Debt service:		
Loans	121,616	98,163
Cities in Schools	5,576	5,576
Family connections	4,000	2,984
Keep Candler Beautiful Program	150	150
E-911	129,515	114,948
School drug program	3,500	8,511
Hospital Authority	173,885	
Miscellaneous	167	92
Total	1,168,921	972,196
TOTAL	$6,312,798	$6,214,407

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND
SALES TAX CONSTRUCTION FUND

BALANCE SHEET, JUNE 30, 2009 AND 2008

	June 30, 2009	2008
ASSETS		
Cash	$1,337,356	$2,231,549
Accounts Receivable	105,304	124,262
TOTAL	$1,442,660	$2,355,811
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 161,263	$ 99,094
Due to other funds	663,017	606,830
Total liabilities	824,280	705,924
FUND BALANCE:		
Reserved	618,380	1,649,887
TOTAL	$1,442,660	$2,355,811

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, 2009 AND 2008

	Year Ended June 30, 2009	2008
REVENUES:		
Special sales tax	$1,297,760	$1,449,889
Interest	14,910	75,611
Total	1,312,670	1,525,500
EXPENDITURES:		
Capital Outlays:		
City of Metter projects	519,104	579,956
Roads and bridges	272,531	440,065
Recreation department	77,595	125,461
City of Pulaski	51,910	57,996
Recycling center		85,990
Computers - Administration		33,300
Public buildings - equipment	62,325	
Public works - equipment	175,089	
Public safety - equipment	62,644	
Public buildings	1,122,729	128,114
Total	2,343,927	1,450,882
Bank charges	250	103
Total	2,344,177	1,450,985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,031,507)	74,515
TRANSFER FROM (TO) OTHER FUNDS		(14,010)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS	(1,031,507)	60,505
FUND BALANCE, BEGINNING OF YEAR	1,649,887	1,589,382
FUND BALANCE, END OF YEAR	$ 618,380	$1,649,887

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - JUNE 30, 2009 AND 2008

	COURTS					TOTALS	
	Probate	State and Superior	Magistrate	Sheriff	Tax Commissioner	June 30, 2009	2008
Cash	$ 95	$ 20,076	$6,078	$ 66,861	$608,201	$701,311	$393,879
DUE TO OTHERS:							
Collected funds	$ 95	$ 20,076	$6,078	$ 66,861	$608,201	$701,311	$393,879

CANDLER COUNTY, GEORGIA
FIDUCIARY FUNDS - AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30,2008	Additions	Deductions	Balance June 30,2009
ASSETS				
CASH:				
Tax Commissioner	$ 236,060	$6,842,076	$6,469,935	$ 608,201
Clerk of Courts (State and Superior)	10,562	684,042	674,528	20,076
Sheriff	141,508	391,929	466,576	66,861
Probate Court	1	16,276	16,182	95
Magistrate Court	5,748	164,078	163,748	6,078
TOTAL	$ 393,879	$8,098,401	$7,790,969	$ 701,311
LIABILITIES				
DUE TO OTHERS:				
Governmental units, retirement plans, etc.	$ 393,879	$8,098,401	$7,790,969	$ 701,311

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND (CDBG)

BALANCE SHEET, JUNE 30, 2009 AND 2008

	June 30, 2009	June 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash	$ 252	$ 3,750
Accounts receivable	1,894	
TOTAL	$ 2,146	$ 3,750
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 2,146	$ 1,250
Deferred revenue		2,500
TOTAL	$ 2,146	$ 3,750

CANDLER COUNTY, GEORGIA
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	Year Ended June 30, 2009	2008
REVENUES:		
CDBG drawdowns	$ 379,095	$ 40,400
EXPENDITURES:		
Administration	14,500	12,500
Construction costs	364,595	27,900
Total	379,095	40,400
EXCESS OF REVENUES OVER EXPENDITURES	NIL	NIL
FUND BALANCE, BEGINNING OF YEAR	NIL	NIL
FUND BALANCE, END OF YEAR	$ NIL	$ 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, 2009

Total Program Year 2007 funds allocated to recipient . . .	$500,000
Less: Program Year 2007 funds drawn down by recipient . .	417,602
Funds available from DCA - Program Year 2007 adjusted resources	$ 82,398
Total Program Year 2007 funds drawn down by recipient . . .	$417,602
Program income applicable to Program Year 2007	NIL
Total Program Year 2007 funds received	417,602
Less: Funds applied to Program Year 2007 cost (Schedule 12)	417,350
Total Program Year 2007 Funds held by recipient	$ 252
Total Program Year 2007 funds available for disposition	$ 82,650

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, 2009

STATEMENT OF PROGRAM COSTS
FOR THE PERIOD SEPTEMBER 7, 2007 THROUGH JUNE 30, 2009

Program Activity And Related Projects	Authorized Costs	Expenditures Paid Period Ended June 30,2009	Questioned Costs
Administration	$ 30,000	$ 26,250	$ NIL
Engineering - Street improvements/ flood and drainage	27,900	27,900	NIL
Street improvements	334,739	324,759	NIL
Flood and drainage facilities	68,720	38,441	NIL
Contingencies	38,641		NIL
TOTAL	$ 500,000	$ 417,350	$ NIL

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE
2008 PROPERTY AND MOTOR VEHICLES - NOD'S TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2009

	Total	State	County	School	City of Metter
CHARGES:					
Property tax digest	$4,701,800	$ 45,254	$1,831,322	$2,305,099	$ 520,125
Motor vehicles	330,887	3,199	142,822	159,864	25,002
Additions to tax digest	403,376	3,511	159,893	197,816	42,156
Interest	23,909	141	15,542	7,093	1,133
Mobile homes	10,705	108	4,922	5,388	287
Timber	17,181	177	8,150	8,854	
Taxes receivable, June 30, 2008	3,603	37	1,709	1,857	
TOTAL	$5,491,461	$ 52,427	$2,164,360	$2,685,971	$ 588,703
CREDITS:					
Remittances	$5,014,474	$ 45,774	$1,981,470	$2,451,570	$ 535,660
Commissions - County	5,114	1,977		2,454	683
Errors and reliefs	12,030	119	4,587	5,957	1,367
Taxes receivable - June 30, 2009	459,553	4,555	178,331	226,003	50,664
Under (over) remitted collections	290	2	(28)	(13)	329
TOTAL	$5,491,461	$ 52,427	$2,164,360	$2,685,971	$ 588,703

CANDLER COUNTY, GEORGIA
OFFICE OF TAX COMMISSIONER

STATEMENT OF CHANGES IN TAXES RECEIVABLE -
2009 MOTOR VEHICLES, MOBILE HOMES, AND TIMBER TAX DIGESTS
FOR THE YEAR ENDED JUNE 30, 2009

MOTOR VEHICLES, MOBILE HOMES AND TIMBER

	Total	State	County	School	City of Metter
CHARGES:					
Motor vehicles	$ 267,168	$ 2,730	$ 106,903	$ 134,956	$ 22,579
Timber	10,179	112	4,514	5,553	
Mobile homes	23,268	249	10,227	12,069	723
Interest	8		4	4	
TOTAL	$ 300,623	$ 3,091	$ 121,648	$ 152,582	$ 23,302
CREDITS:					
Remittances	$ 295,669	$ 2,873	$ 120,009	$ 150,417	$ 22,370
Commissions - County	1,465	183		150	1,132
Taxes receivable, June 30, 2009	3,687	41	1,635	2,011	
Under (over) remitted collections	(198)	(6)	4	4	(200)
TOTAL	$ 300,623	$ 3,091	$ 121,648	$ 152,582	$ 23,302

SCHEDULE 15

CANDLER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2009

	Original Estimated Cost	Latest Estimated Cost	Expenditures- Prior Years	Expenditures- Current Year	Expenditures- Total	Estimated Percentage of Completion
2001:						
Public works equipment	$1,775,000	$1,043,698	$1,028,508	$ 15,190	$1,043,698	100%
Landfill	550,000	463,194	463,194		463,194	100%
Public buildings	830,000	1,352,775	616,450	736,325	1,352,775	100%
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	213,683	198,037	15,646	213,683	100%
TOTAL	$7,750,000	$5,326,118	$4,558,957	$ 767,161	$5,326,118	100%
2006:						
Public building projects	$ 904,000	$ 904,000	$ 125,734	$ 386,404	$ 512,138	56.7%
New equipment	1,250,000	1,250,000	519,170	300,058	819,228	65.5%
Public works project	883,000	883,000	100,000		100,000	11.3%
Drainage, roads & bridge improvements/expansions	1,850,000	1,850,000	32,100	256,885	288,985	15.6%
Recreation department projects	195,000	195,000	131,315	62,405	193,720	99.3%
City of Metter projects	3,630,000	3,630,000	1,239,014	519,104	1,758,118	48.4%
Town of Pulaski	363,000	363,000	123,902	51,910	175,812	48.4%
TOTAL	$9,075,000	$9,075,000	$2,271,235	$1,576,766	$3,848,001	42.4%

HERMAN MONGIN
CERTIFIED PUBLIC ACCOUNTANT
117 OGLETHORPE PROFESSIONAL COURT, SUITE 1
SAVANNAH, GEORGIA 31406
(912) 352-9855

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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Candler County, Georgia as of and for the year ended June 30, 2009, which collectively comprise Candler County's basic financial statements and have issued our report thereon dated January 25, 2010. 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

January 25, 2010