CANDLER COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	11
Statement of Fiduciary Assets and Liabilities - Agency Funds	13
Notes to the Financial Statements	14
Supplementary Information:	
Non-Major Funds:	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - E-911 Fund	36
Fiduciary Funds - Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	37
Combining Statement of Changes in Assets and Liabilities	38
Schedule of Projects Paid with Special Purpose Local Option Sales Tax Proceeds	39
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*	40

THIGPEN, LANIER, WESTERFIELD & DEAL

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

MARSHALL R. THIGPEN, CPA
WILLIAM RUSSELL LANIER, CPA
JOSEPH S. WESTERFIELD, CPA
RICHARD N. DEAL, CPA
KAY S. PROCTOR, CPA
LEE ANN LANE, CPA
JENNIFER M. GROOMS, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Candler County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Candler County Board of Health, a discretely presented component, which represents 2.9% and 4.1% respectively, of the assets and net position of Candler County, Georgia. We did not audit the financial statements of the Candler County Hospital Authority, a discretely presented component, which represents 45.0% and 2.6% respectively, of the assets and net position of Candler County, Georgia.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Candler County Board of Health, a discretely presented component, which represents 2.9% and 4.1% respectively, of the assets and net position of Candler County, Georgia. We did not audit the financial statements of the Candler County Hospital Authority, a discretely presented component, which represents 45.0% and 2.6% respectively, of the assets and net position of Candler County, Georgia. The financial statements of the Candler County Board of Health were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts involved for the Candler County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Candler County Hospital Authority have not been audited, and we were not engaged to audit the Candler County Hospital Authority's financial statements as part of our audit of the County's basic financial statements. Candler County Hospital Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit and represent 93.9%, 38.7%, and 97.7% of the assets, net position, and revenues, respectively, of the County's aggregate discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of Candler County, Georgia. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Candler County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of projects paid with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and schedule of projects paid with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and schedule of projects

paid with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015, on our consideration of Candler County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Candler County, Georgia's internal control over financial reporting and compliance.

Thigpen, Lanier, Waterfield & Deal

Statesboro, Georgia
May 4, 2015

CANDLER COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government	Component Units	
	Governmental Activities	Candler County Board of Health	Candler County Hospital Authority (Unaudited)
ASSETS			
Current Assets:			
Cash	$ 5,521,400	$ 514,137	$ 609,373
Certificates of deposit	1,702,745	-	-
Receivables:			
Accounts	57,444	-	3,559,249
Taxes	800,041	-	-
Intergovernmental	1,091,489	13,663	138,905
Other	2,371	-	-
Prepaid items	96,462	-	-
Supplies inventory	-	-	300,729
Other current assets	-	-	260,322
Capital Assets:			
Nondepreciable capital assets	544,440	-	248,605
Depreciable capital assets, net	8,263,992	2,557	3,024,181
Total Assets	18,080,384	530,357	8,141,364
LIABILITIES			
Current Liabilities:			
Accounts payable	773,880	-	1,868,231
Accrued interest	12,429		-
Accrued payroll	33,926	-	345,367
Other accrued expenses	-	-	34,871
Unearned revenue	24,827	-	-
Compensated absences payable	23,279	8,790	353,520
Notes payable	978,885	-	769,889
Capital leases payable	71,606	-	-
Estimated third-party payor settlements	-	-	1,141,181
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	93,115	8,789	-
Notes payable (net of current portion)	327,592	-	3,304,312
Capital leases payable (net of current portion)	74,045	-	-
Estimated third-party payor settlements (net of current portion)	-	-	-
Landfill closure and postclosure care costs	3,022,974	-	-
Total Liabilities	5,436,558	17,579	7,817,371
NET POSITION			
Net investment in capital assets	8,256,304	2,557	-
Restricted for:			
Capital projects	1,363,830	-	-
Other purposes	613,338	94,294	-
Unrestricted	2,410,354	415,927	323,993
Total Net Position	$ 12,643,826	$ 512,778	$ 323,993

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Program/Function	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit Candler County Board of Health	Net (Expense) Revenue and Changes in Net Position: Component Unit Candler County Hospital Authority
Primary Government							
General government	$ 1,208,278	$ 131,785	$ 9,957	-	$ (1,066,536)		
Judicial	637,662	119,479	-	-	(518,183)		
Public safety	2,581,919	1,484,915	50,500	-	(1,046,504)		
Public works	3,393,123	832,529	18,754	$ 647,943	(1,893,897)		
Health and welfare	68,000	-	-	-	(68,000)		
Community services	554,726	-	-	-	(554,726)		
Culture and recreation	145,029	-	-	-	(145,029)		
Housing and development	141,653	-	-	-	(141,653)		
Interest	17,984	-	-	-	(17,984)		
Total Governmental Activities - Primary Government	8,748,374	2,568,708	79,211	647,943	(5,452,512)		
Component Units:							
Candler County Board of Health	$ 354,474	$ 94,336	$ 280,018	$ -		$ 19,880	-
Candler County Hospital Authority (Unaudited)	16,608,667	14,989,469	-	504,952		-	$ (1,114,246)
Total Component Units	$ 16,963,141	$ 15,083,805	$ 280,018	$ 504,952		19,880	(1,114,246)
		General Revenues					
		Property taxes levied for general purposes			3,028,117	-	-
		Sales taxes			2,177,389	-	-
		Insurance premium tax			306,609	-	-
		Other taxes			191,353	-	-
		Gain on sale of capital assets			3,755	-	14,538
		Interest earned			5,239	-	-
		Miscellaneous			41,143	-	576,286
		Total General Revenues			5,753,605	-	590,824
		Change in Net Position			301,093	19,880	(523,422)
		Net Position, July 1, 2013			12,342,733	492,898	847,415
		Net Position, June 30, 2014			$ 12,643,826	$ 512,778	$ 323,993

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 3,426,880	$ 1,374,752	$ 263,570	$ 456,198	$ 5,521,400
Certificates of deposit	1,554,254	-	-	148,491	1,702,745
Receivables:					
Accounts	34,988	-	-	22,456	57,444
Taxes	800,041	-	-	-	800,041
Intergovernmental	952,306	101,791	37,392	-	1,091,489
Other	2,371	-	-	-	2,371
Due from other funds	325,340	-	15,400	-	340,740
Prepaid items	96,462	-	-	-	96,462
TOTAL ASSETS	$ 7,192,642	$ 1,476,543	$ 316,362	$ 627,145	$ 9,612,692
LIABILITIES					
Accounts payable	$ 534,211	$ 222,647	$ 16,100	$ 922	$ 773,880
Accrued interest	12,429	-	-	-	12,429
Accrued payroll	33,926	-	-	-	33,926
Due to other funds	15,400	190,328	-	135,012	340,740
Note payable	900,000	-	-	-	900,000
Unearned revenue	24,827	-	-	-	24,827
TOTAL LIABILITIES	1,520,793	412,975	16,100	135,934	2,085,802
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	567,374	-	-	-	567,374
FUND BALANCES					
Nonspendable	96,462	-	-	-	96,462
Restricted	122,127	1,063,568	300,262	491,211	1,977,168
Assigned	1,177,942	-	-	-	1,177,942
Unassigned	3,707,944	-	-	-	3,707,944
TOTAL FUND BALANCES	5,104,475	1,063,568	300,262	491,211	6,959,516
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,192,642	$ 1,476,543	$ 316,362	$ 627,145	$ 9,612,692

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:		
Total Governmental Fund Balances		$ 6,959,516
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost	$ 15,018,343	
Less accumulated depreciation	(6,209,911)	8,808,432
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Property taxes		567,374
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	$ 340,740	
Interfund payables	(340,740)	-
Liabilities, including capital leases, notes payable, compensated absences and accrued landfill closure and postclosure care costs are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position		
Capital leases payable	$ (145,651)	
Notes payable	(406,477)	
Landfill closure and postclosure care costs	(3,022,974)	
Compensated absences	(116,394)	(3,691,496)
Net Position Of Governmental Activities		$ 12,643,826

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 4,298,516	$ 1,261,353	$ 297,973	-	$ 5,857,842
Licenses and permits	74,413	-	-	-	74,413
Charges for services	1,953,736	-	-	$ 179,122	2,132,858
Fees, fines and forfeitures	355,145	-	-	6,292	361,437
Intergovernmental	725,311	-	-	-	725,311
Interest	4,629	1,843	333	277	7,082
Other	41,143	-	-	-	41,143
Total revenues	7,452,893	1,263,196	298,306	185,691	9,200,086
EXPENDITURES					
Current:					
General government	1,106,312	-	-	-	1,106,312
Judicial	631,445	-	-	4,996	636,441
Public safety	2,340,405	-	-	142,356	2,482,761
Public works	2,616,053	-	-	-	2,616,053
Health and welfare	68,000	-	-	-	68,000
Culture and recreation	145,029	-	-	-	145,029
Housing and development	138,032	-	-	-	138,032
Capital outlay	-	201,646	100,060	6,259	307,965
Debt service:					
Principal	45,512	69,252	-	-	114,764
Interest	7,615	10,369	-	-	17,984
Intergovernmental	-	554,726	-	-	554,726
Total expenditures	7,098,403	835,993	100,060	153,611	8,188,067
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	354,490	427,203	198,246	32,080	1,012,019
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	51,758	-	-	-	51,758
Total other financing sources (uses)	51,758	-	-	-	51,758
NET CHANGE IN FUND BALANCES	406,248	427,203	198,246	32,080	1,063,777
FUND BALANCES, JULY 1, 2013	4,698,227	636,365	102,016	459,131	5,895,739
FUND BALANCES, JUNE 30, 2014	$ 5,104,475	$ 1,063,568	$ 300,262	$ 491,211	$ 6,959,516

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net Changes In Fund Balances - Total Governmental Funds		$ 1,063,777
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (570,954)	
Capital outlay	1,008,074	437,120
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes:		
Unavailable revenue at 6/30/14	567,374	
Unavailable revenue at 6/30/13	(721,748)	(154,374)
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities.		(48,006)
Repayment of capital lease and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		114,764
Some expenses reported in the statement of activities, such as compensated absences and landfill closure and postclosure care costs, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences	(2,174)	
Change in landfill closure and postclosure care costs	(1,110,014)	(1,112,188)
Change In Net Position of Governmental Activities		$ 301,093

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	$ 2,881,690	$ 3,182,491	$ 300,801
Local option sales tax	650,000	618,063	(31,937)
Alcoholic beverage	70,000	86,020	16,020
Insurance premium	295,000	306,609	11,609
Other	108,800	105,333	(3,467)
Licenses and permits	142,500	74,413	(68,087)
Charges for services	1,853,260	1,953,736	100,476
Fees, fines and forfeitures	402,300	355,145	(47,155)
Intergovernmental	351,390	725,311	373,921
Interest	1,500	4,629	3,129
Other	28,400	41,143	12,743
Total revenues	6,784,840	7,452,893	668,053
EXPENDITURES			
Current:			
General government:			
Legislative	54,460	46,933	7,527
Executive	150,900	163,822	(12,922)
Elections	86,886	106,925	(20,039)
Financial administration	278,194	263,071	15,123
Tax commissioner	228,321	230,984	(2,663)
Tax assessor	242,573	234,735	7,838
Equalization	2,000	805	1,195
Public buildings	56,004	59,037	(3,033)
Total general government	1,099,338	1,106,312	(6,974)
Judicial:			
Superior Court	205,555	179,735	25,820
Clerk of Court	165,056	163,921	1,135
State Court	106,311	106,867	(556)
Magistrate Court	87,367	91,023	(3,656)
Probate Court	96,093	89,899	6,194
Total judicial	660,382	631,445	28,937
Public safety:			
Sheriff	761,452	788,867	(27,415)
Detention center	556,639	611,610	(54,971)
School drug program	6,500	3,500	3,000
Fire protection	126,610	126,610	-
Emergency medical service	781,800	756,057	25,743
Coroner	16,541	17,884	(1,343)
Animal control	25,000	25,000	-
Emergency management	11,992	10,877	1,115
Total public safety	$ 2,286,534	$ 2,340,405	$ (53,871)

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Public works:			
Roads and bridges	$ 1,565,431	$ 1,966,822	$ (401,391)
Solid waste	797,900	649,231	148,669
Total public works	2,363,331	2,616,053	(252,722)
Health and welfare:			
Health department	57,000	56,000	1,000
Public education	12,000	12,000	-
Total health and welfare	69,000	68,000	1,000
Culture and recreation:			
Recreation department	92,300	93,939	(1,639)
Community center	13,208	10,483	2,725
Library	40,722	40,607	115
Total culture and recreation	146,230	145,029	1,201
Housing and development:			
Conservation	9,755	9,364	391
Agricultural resources	93,474	85,671	7,803
Economic development	62,730	10,000	52,730
Airport	22,309	22,309	-
Economic opportunities	2,400	688	1,712
Community action programs	10,000	10,000	-
Total housing and development	200,668	138,032	62,636
Debt service:			
Principal	39,262	45,512	(6,250)
Interest	8,615	7,615	1,000
Total debt service	47,877	53,127	(5,250)
Total expenditures	6,873,360	7,098,403	(225,043)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(88,520)	354,490	443,010
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	50,000	51,758	1,758
NET CHANGE IN FUND BALANCE	$ (38,520)	406,248	$ 444,768
FUND BALANCE, BEGINNING OF YEAR		4,698,227	
FUND BALANCE, END OF YEAR		$ 5,104,475	

See accompanying notes to the basic financial statements.

CANDLER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	2014
ASSETS	
Cash	$ 417,712
LIABILITIES	
Due to other entities and individuals	$ 417,712

See accompanying notes to the basic financial statements.

Candler County, Georgia (the "County") operates under a Commissioner – County Administrator form of Government. The County is governed by a board of five commissioners elected by the voters of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes, or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

A brief description of the County's discretely presented component units follows:

Candler County Board of Health – The Candler County Board of Health provides health care services and health education to residents of Candler County. The Health Department receives financial support from Candler County, Georgia, the State of Georgia and the Federal Government. The County Commission appoints a majority of the Board of Directors. Complete financial statements for the Candler County Board of Health can be obtained from their administrative office at:

Candler County Board of Health
428 North Rountree Street
Metter, Georgia 30439

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Candler County Hospital Authority (The Hospital Authority) - The Candler County Hospital Authority was created in November, 1958 by the Board of Commissioners of Candler County to operate, control, and manage all matters concerning the County's health care functions. The Hospital Authority operates Candler County Hospital, a critical access hospital. The County nominates the Board of Trustee members of the Hospital Authority and the County has guaranteed some debt of the Hospital Authority. The Hospital Authority issued unaudited financial statements with a fiscal year ended December 31, 2013. Copies of these financial statements may be obtained from their administrative office at:

Candler County Hospital Authority
400 Cedar Street
Metter, Georgia 30439

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes, grants and the County's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers. The County had no business-type activities at June 30, 2014.

The statement of net position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted.*

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

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

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

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

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

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

Special Sales Tax Fund – This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the County.

T-SPLOST Fund – This fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the County.

Fiduciary Funds –The County's fiduciary funds are agency funds. These agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Constitutional officers use these funds to temporarily hold assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue – Non-exchange Transactions – Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Net Position

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. At June 30, 2014, the General Fund reported an allowance for uncollectibles of $81,573 and $964,475 for the property taxes receivable and EMS accounts receivable, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

Capital Assets

The County reports general capital assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the County fund financial statements.

All capital assets with an estimated useful life in excess of two years are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of one thousand dollars. The County's infrastructure consists of roads and bridges. For roads and bridges, the County has capitalized only infrastructure constructed after June 30, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	50 years
Improvements other than buildings	10-35 years
Machinery and equipment	4-15 years
Infrastructure	15 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The total compensated absences liability is reported on the government-wide financial statements. Governmental funds report the compensated absences liability at the fund reporting level only "*when due.*"

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Notes payable and capital leases are recognized as a liability in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution or ordinance. Only the Board of Commissioners may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Board of Commissioners' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

The County's policy is to maintain an adequate general fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Interfund Activity

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

Transfers between governmental funds on the government-wide statement of activities are eliminated.

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County adopts an annual operating budget for the general fund, E-911 special revenue fund, and capital projects funds. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the Board of Commissioners.

During the year, the Board of Commissioners had no budget revisions.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2014 in the following departments for the general fund:

Executive	$	12,922
Elections		20,039
Tax commissioner		2,663
Public buildings		3,033
State court		556
Magistrate court		3,656
Sheriff		27,415
Detention center		54,971
Coroner		1,343
Roads and bridges		401,391
Recreation department		1,639
Debt Service - Principal		6,250

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

Expenditures exceeded appropriations in the E-911 special revenue fund by $15,876 which were funded by additional revenues over amounts budgeted.

NOTE 3 – DEPOSITS

Custodial credit risk is risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law.

At June 30, 2014, the carrying amount of the County's deposits (checking and certificates of deposit) was $7,641,857 and the bank balance was $7,716,862. Of the bank balance, $1,758,430 was covered by federal depository insurance and $5,958,432 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Discretely Presented Component Units
The Candler County Hospital Authority had no custodial credit risk for the year ending December 31, 2013.

The carrying amount of deposits for the Candler County Board of Health was $514,137 and the bank balance was $514,199, which was covered by FDIC insurance or pledged securities held in the Board of Health's name.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The County bills and collects its own property taxes and also collects taxes for the Candler County Board of Education, State of Georgia and cities within the County. Collection of the County's taxes and for the other government agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an Agency Fund.

County property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2014, property taxes were levied on October 7, 2013, and were due January 20, 2014.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General	E-911 Fund	$ 135,012
	Special Sales Tax Fund	190,328
T-SPLOST	General Fund	15,400
Total		$ 340,740

Interfund balances at June 30, 2014 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

There were no interfund transfers during the year ended June 30, 2014.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 147,377	-	$ 10,000	$ 137,377
Construction in progress	393,067	$ 398,480	384,484	407,063
Total capital assets not being depreciated	540,444	398,480	394,484	544,440
Capital assets being depreciated:				
Buildings and improvements	6,585,397	415,454	64,121	6,936,730
Machinery and equipment	4,189,782	254,386	162,653	4,281,515
Infrastructure	-	320,800	-	320,800
Land improvements	2,912,966	21,892	-	2,934,858
Total capital assets being depreciated	13,688,145	1,012,532	226,774	14,473,903
Total capital assets	14,228,589	1,411,012	621,258	15,018,343
Accumulated depreciation:				
Buildings and improvements	1,927,909	125,626	16,672	2,036,863
Machinery and equipment	2,149,613	306,082	153,642	2,302,053
Infrastructure	-	4,164	-	4,164
Land improvements	1,731,749	135,082	-	1,866,831
Total accumulated depreciation	5,809,271	570,954	170,314	6,209,911
Governmental activities capital assets, net	$ 8,419,318	$ 840,058	$ 450,944	$ 8,808,432

Governmental activities depreciation expense:

General government	$ 102,617
Judicial	1,072
Public safety	186,932
Public works	276,713
Housing and development	3,620
Total governmental activities depreciation expense	$ 570,954

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance 07/01/13	Additions	Deductions	Balance 06/30/14
Component unit - Candler County Board of Health:				
Capital assets being depreciated:				
Equipment	$ 70,991	-	$ -	$ 70,991
Accumulated depreciation:				
Equipment	66,567	$ 1,867	-	68,434
Component units capital assets, net	$ 4,424	$ (1,867)	$ -	$ 2,557

	Balance 01/01/13	Additions	Deductions	Balance 12/31/13
Component unit - Candler County Hospital Authority (Unaudited):				
Capital assets not being depreciated:				
Land	$ 168,940	-	-	$ 168,940
Construction in progress	326,171	$ 97,768	$ 344,274	79,665
Total capital assets not being depreciated	495,111	97,768	344,274	248,605
Capital assets being depreciated:				
Land improvements	148,884	-	-	148,884
Buildings	5,595,270	514,324	-	6,109,594
Equipment	7,119,414	779,546	100,241	7,798,719
Total capital assets being depreciated	12,863,568	1,293,870	100,241	14,057,197
Total capital assets	13,358,679	1,391,638	444,515	14,305,802
Less accumulated depreciation	10,731,078	348,717	46,779	11,033,016
Component unit capital assets, net	$ 2,627,601	$ 1,042,921	$ 397,736	$ 3,272,786

NOTE 7 – CAPITAL LEASES

The County has entered into lease agreements as lessee for financing the acquisition of equipment costing $786,801. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Amortization of the cost of the equipment is included in depreciation expense in the government-wide financial statements. Depreciation expense and accumulated depreciation on the leased equipment was $52,187 and $180,385, respectively, for the year ended June 30, 2014.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014:

Year ending June 30	
2015	$ 75,830
2016	75,830
Total minimum lease payments	151,660
Less amount representing interest	6,009
Present value of future minimum lease payments	$ 145,651

NOTE 8 – SHORT TERM NOTE PAYABLE

In March 2014 the County secured a $1,000,000 line of credit from Queensborough National Bank and Trust Company. The line of credit was obtained to provide additional funds to the Candler County Hospital Authority. As of June 30, 2014, $900,000 was drawn on the line of credit. All line of credit draws and accrued interest are to be repaid by the Candler County Hospital Authority. The line of credit has a maturity date of December 31, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Note payable	$ -	$ 900,000	$ -	$ 900,000

NOTE 9 – NOTES PAYABLE

Notes payable at June 30, 2014 consisted of the following:

Note payable to GEFA (95-L39SW) for landfill costs, payable in quarterly installments of $11,719 including interest at 5.3% through February 1, 2017	$ 118,977
Note payable to OneGeorgia Authority for the construction of the Agricultural Regional Resources Construction Building, payable in quarterly installments of $6,250 with 0% interest through July 1, 2025	287,500
	$ 406,477

NOTE 9 – NOTES PAYABLE (Continued)

As of June 30, 2014, annual debt service requirements to maturity are as follows:

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	$ 78,886	$ 5,492	$ 84,378
2016	68,622	3,255	71,877
2017	58,969	900	59,869
2018	25,000	-	25,000
2019	25,000	-	25,000
2020 - 2024	125,000	-	125,000
2025	25,000	-	25,000
Total	$ 406,477	$ 9,647	$ 416,124

Component Unit - Candler County Hospital Authority (Unaudited)

Notes payable at December 31, 2013 consisted of the following:

Note payable with Westfield Bank (insurance premium financing), interest rate of 3.998%, payable in monthly installments of $11,567 through February 18, 2014, unsecured.	$ 23,014
Revenue Anticipation Certficate, Series 2013A with Queensborough National Bank dated November 5, 2013 payable in 60 monthly payments of $9,016 including interest at the fixed rate of 4.15%; contains a prepayment penalty of 2% for the first two years and 1% thereafter; secured by a pledge of the net revenues of the Authority and an intergovernmental contract between the Authority and Candler County; also gave a negative pledge of real estate.	494,699
Taxable Note, Series 2013B with Queensborough National Bank dated November 5, 2013 payable in 60 monthly payments of $55,808 including interest at the fixed rate of 4.15%; contains a prepayment penalty of 2% for the first two years and 1% thereafter; secured by a pledge of the net revenues of the Authority and an intergovernmental contract between the Authority and Candler County; also gave a negative pledge of real estate.	2,969,619
Prommissory Note to Partnersfirst Management, LLC dated December 31, 2013 payable in 60 monthly payments of $9,976 including interest at the fixed rate of 9.5%, unsecured.	475,000
Capital lease under a government obligation contract with Kansas State Bank of Manhattan dated October 23, 2013 payable in 60 monthly rental payments of $2,249; first payment due at inception on December 5, 2013 with the final payment on November 5, 2018, secured by a 24'x60' modular medical clinic.	111,869
	$ 4,074,201

NOTE 9 – NOTES PAYABLE (Continued)

Annual debt service requirements to maturity are as follows:

Year ending	Component Unit - Hospital Authority		
December 31	Principal	Interest	Total
2014	$ 769,890	$175,457	$ 945,347
2015	784,246	140,336	924,582
2016	821,707	102,875	924,582
2017	861,710	62,872	924,582
2018	836,648	20,862	857,510
Total	$4,074,201	$502,402	$4,576,603

NOTE 10 – LANDFILL CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require that the County place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. Although most closure and post closure care costs will be paid near or after the date the landfill stops accepting waste, the County reports a portion of the closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. As of June 30, 2014, the estimated liability for landfill closure and post closure care costs is $3,022,974 and consists of the closure cost for Phase One of the landfill, closure cost for the C&D landfill, and closure and post closure costs for Phase Two of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of approximately $1,764,360 for the operating landfill as the remaining estimated capacity is filled. Used capacity for the operating Phase Two landfill is estimated to be 59.61% with an estimated remaining useful life of 17 years. All estimates are subject to change due to inflation or deflation, technology or changes in laws or regulations. The County has invested funds in a Certificate of Deposit and separate bank account for the landfill closure and post closure care costs with a standard amount being contributed quarterly to the bank account.

NOTE 11 – CHANGES IN LONG-TERM DEBT

Governmental Activities:	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due In One Year
Compensated absences payable	$ 114,220	$ 2,174	-	$ 116,394	$ 23,279
Landfill closure & post closure care costs	1,912,960	1,110,014	-	3,022,974	-
Capital leases payable	214,903	-	$ 69,252	145,651	71,606
Notes payable	451,989	-	45,512	406,477	78,885
Total Governmental Activities	$ 2,694,072	$ 1,112,188	$ 114,764	$ 3,691,496	$ 173,770

The compensated absences liability will be paid from the General Fund, the fund from which the employees' salaries are paid. The capital lease obligations will be paid from the Special Sales Tax capital projects fund, and the notes payable will be paid from the General Fund. The landfill closure and post closure care costs will be paid from the General Fund.

NOTE 11 – CHANGES IN LONG-TERM DEBT (Continued)

Component Unit – Candler County Board of Health

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due In One Year
Compensated absences	$ 15,282	$ 9,938	$ 7,641	$ 17,579	$ 8,790

Component Unit - Candler County Hospital Authority (Unaudited)

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Amounts Due In One Year
Notes payable	$ 1,167,647	$ 4,701,616	$ 1,795,062	$ 4,074,201	$ 769,890

NOTE 12 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2014, governmental fund balances are composed of the following:

	General Fund	Special Sales Tax Fund	T-SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	$ 96,462	$ -	$ -	$ -	$ 96,462
Restricted:					
E-911	-	-	-	402,217	402,217
Transportation purposes	-	-	300,262	-	300,262
Jail store	-	-	-	84,850	84,850
Law library	-	-	-	4,144	4,144
Drug education	46,661	-	-	-	46,661
Jail	75,466	-	-	-	75,466
Capital projects	-	1,063,568	-	-	1,063,568
Total restricted	122,127	1,063,568	300,262	491,211	1,977,168
Assigned:					
Landfill closure and post closure care costs	1,177,942	-	-	-	1,177,942
Unassigned	3,707,944	-	-	-	3,707,944
Total fund balances	$ 5,104,475	$1,063,568	$ 300,262	$ 491,211	$ 6,959,516

NOTE 13 – EMPLOYEE RETIREMENT PLANS

Probate Judges' Retirement Fund of Georgia

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses be remitted to the state sponsored pension plan.

Clerk of Superior Court Retirement Fund

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the state sponsored pension plan.

Sheriff's Retirement Fund/Peace Officers' Annuity and Benefit Fund

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Magistrate Court and Clerk of Superior Court to the state sponsored pension plans.

Candler County Board of Health (component unit)

The employees of the Candler County Board of Health participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2014 were $27,052. Contributions are fully vested to employees after 10 years of continuous service.

Candler County Hospital Authority (component unit)

The Candler County Hospital Authority maintains a defined contribution retirement plan covering substantially all full–time employees. The employer matching contributions will match one half of eligible employee's contributions up to seven percent of the employee's base pay. The contributions made by the Authority for the year ended December 31, 2013 were approximately $111,000.

NOTE 14 – RISK MANAGEMENT

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

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

NOTE 14 – RISK MANAGEMENT (Continued)

incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE 15 – CONTINGENCIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County attorney, the resolution of these matters probably will not have a material adverse effect on the financial condition of the County.

On November 5, 2013, the Candler County Hospital Authority sold a Series 2013A Revenue Anticipation Certificate for $502,500 and a Series 2013B Taxable Note in the amount of $3,015,000 to Queensborough National Bank and Trust Company. The Revenue Anticipation Certificate, which has an interest rate of 2.9%, will be repaid in monthly installments beginning in December 2013 and ending in November 2018. Payment of principal, interest and premium, if any, will be made from the net revenues of the Candler County Hospital Authority. Proceeds from the Revenue Anticipation Certificate was utilized for issuance costs and improvements at the Candler County Hospital.

The Series 2013B Taxable Note was issued to repay other notes and obligations as well as cover issuance costs. It has an interest rate of 4.15% and will be paid with the Candler County Hospital Authority's general revenues. Monthly payments began in December 2013 and end in November 2018. Both the Series 2013A Revenue Anticipation Certificate and Series 2013B Taxable Note are also secured by an intergovernmental agreement between the Candler County Hospital Authority and the County. As part of the intergovernmental agreement, the County guarantees to pay to the Authority an amount equal to the deficit of the Candler County Hospital Authority's net revenues or general funds compared to the payments due on the certificate and/or note. Further, the County has agreed to levy taxes on taxable property within the County up to six mills should it be required to do so.

NOTE 16 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the seventeen county East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2014, the County paid $6,868 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

NOTE 17 – SUBSEQUENT EVENTS

In January 2015 the County obtained a $1.5 million tax anticipation line of credit from Queensborough National Bank & Trust Company to provide additional operating funding for the Candler County Hospital Authority. Funds drawn on the line of credit will accrue interest at the rate of 4.15% and will be due for repayment on December 31, 2015.

In December 2014 the Hospital Authority obtained a loan in the amount of $3,423,249 from Queensborough National Bank & Trust Company. The loan was obtained to refinance the Series 2013B Taxable Note and pay off the County's $1 million line of credit. The County's line of credit was obtained on the Hospital's behalf during the year ended June 30, 2014. The County is a guarantor on the loan.

Subsequent events were evaluated through May 4, 2015, which is the date the financial statements were available to be issued.

CANDLER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	$ 366,282	$ 84,850	$ 5,066	$ 456,198
Certificate of deposit	148,491	-	-	148,491
Accounts receivable	22,456	-	-	22,456
TOTAL ASSETS	$ 537,229	$ 84,850	$ 5,066	$ 627,145
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	-	-	$ 922	$ 922
Due to other funds	$ 135,012	-	-	135,012
Total liabilities	135,012	-	922	135,934
Fund balance:				
Restricted	402,217	$ 84,850	4,144	491,211
Total fund balance	402,217	84,850	4,144	491,211
TOTAL LIABILITIES AND FUND BALANCE	$ 537,229	$ 84,850	$ 5,066	$ 627,145

CANDLER COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	E-911 Fund	Jail Store Fund	Law Library	Total Nonmajor Special Revenue Funds
REVENUES				
Charges for services	$ 175,907	$ 3,215	-	$ 179,122
Fees, fines and forfeitures	-	-	$ 6,292	6,292
Interest	277	-	-	277
Total revenues	176,184	3,215	6,292	185,691
EXPENDITURES				
Current:				
Public safety	142,356	-	-	142,356
Judicial	-	-	4,996	4,996
Capital outlay	-	-	6,259	6,259
Total expenditures	142,356	-	11,255	153,611
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,828	3,215	(4,963)	32,080
FUND BALANCE, JULY 1, 2013	368,389	81,635	9,107	459,131
FUND BALANCE, JUNE 30, 2014	$ 402,217	$ 84,850	$ 4,144	$ 491,211

CANDLER COUNTY, GEORGIA
E-911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	$ 165,000	$ 175,907	$ 10,907
Interest	-	277	277
Total revenues	165,000	176,184	11,184
EXPENDITURES			
Current:			
Public safety	126,480	142,356	(15,876)
Total expenditures	126,480	142,356	(15,876)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 38,520	33,828	$ (4,692)
FUND BALANCE, BEGINNING OF YEAR		368,389	
FUND BALANCE, END OF YEAR		$ 402,217	

CANDLER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	Tax Commissioner	Probate Court	Clerk of Courts	Magistrate Court	Sheriff	Totals
ASSETS						
Cash	$ 316,782	$ 2,257	$ 15,592	$ 21,116	$ 61,965	$ 417,712
LIABILITIES						
Due to other entities and individuals	$ 316,782	$ 2,257	$ 15,592	$ 21,116	$ 61,965	$ 417,712

CANDLER COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Tax Commissioner				
Assets				
Cash	$ 225,872	$ 9,782,590	$ 9,691,680	$ 316,782
Liabilities				
Due to other entities and individuals	$ 225,872	$ 9,782,590	$ 9,691,680	$ 316,782
Probate Court				
Assets				
Cash	$ 821	$ 57,976	$ 56,540	$ 2,257
Liabilities				
Due to other entities and individuals	$ 821	$ 57,976	$ 56,540	$ 2,257
Clerk of Courts				
Assets				
Cash	$ 27,193	$ 548,410	$ 560,011	$ 15,592
Liabilities				
Due to other entities and individuals	$ 27,193	$ 839,714	$ 847,319	$ 15,592
Magistrate Court				
Assets				
Cash	$ 8,607	$ 129,330	$ 116,821	$ 21,116
Liabilities				
Due to other entities and individuals	$ 8,607	$ 129,330	$ 116,821	$ 21,116
Sheriff				
Assets				
Cash	$ 59,683	$ 306,294	$ 304,012	$ 61,965
Liabilities				
Due to other entities and individuals	$ 59,683	$ 306,294	$ 304,012	$ 61,965
Total Agency Funds				
Assets				
Cash	$ 322,176	$ 10,824,600	$ 10,729,064	$ 417,712
Liabilities				
Due to other entities and individuals	$ 322,176	$ 10,824,600	$ 10,729,064	$ 417,712

CANDLER COUNTY, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

2005 Special Sales Tax

Project	Original Estimated Cost	Current Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Public building projects	$ 904,000	$ 993,717	$ 980,547	$ 13,170	$ 993,717	100%
New equipment	1,250,000	1,689,138	1,585,209	103,929	1,689,138	100%
Public works project	883,000	1,747,022	1,747,022		1,747,022	100%
Drainage, roads and bridge improvements/expansions	1,850,000	707,000	345,694	-	345,694	49%
Recreation department projects	195,000	193,720	193,720	-	193,720	100%
City of Metter	3,630,000	2,997,691	2,997,691	-	2,997,691	100%
Town of Pulaski	363,000	299,769	299,769	-	299,769	100%
	$ 9,075,000	$ 8,628,057	$ 8,149,652	$ 117,099	$ 8,266,751	96%

2011 Special Sales Tax

Project	Original Estimated Cost	Current Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Public buildings projects	$ 575,000	$ 575,000	$ 41,655	$ 7,350	$ 49,005	9%
Recreation department projects	260,000	260,000	144,874	-	144,874	56%
Retirement of prior year debt	303,320	303,320	75,830	79,621	155,451	51%
Public works projects	15,000	15,000	-	-	-	0%
Road maintenance/improvements	469,930	469,930	-	-	-	0%
New equipment	2,408,750	2,408,750	243,272	77,197	320,469	13%
City of Metter	2,880,000	2,880,000	672,368	504,297	1,176,665	41%
Town of Pulaski	288,000	288,000	67,228	50,429	117,657	41%
	$ 7,200,000	$ 7,200,000	$ 1,245,227	$ 718,894	$ 1,964,121	27%

THIGPEN, LANIER, WESTERFIELD & DEAL

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

MARSHALL R. THIGPEN, CPA
WILLIAM RUSSELL LANIER, CPA
JOSEPH S. WESTERFIELD, CPA
RICHARD N. DEAL, CPA
KAY S. PROCTOR, CPA
LEE ANN LANE, CPA
JENNIFER M. GROOMS, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Candler County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Candler County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Candler County's basic financial statements and have issued our report thereon dated May 4, 2015. Our report includes a reference to other auditors who audited the financial statements of the Candler County Board of Health, as described in our report on Candler County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Candler County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Candler County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Candler County, Georgia's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as 2014-2 and 2014-4 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as 2014-1, 2014-3, and 2014-5 to be significant deficiencies.

2014-1 Accurate bank reconciliations not prepared for Magistrate Court

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

County Response: We concur with this finding, and the Board of Commissioners will request that the Magistrate Court begin preparing proper bank account reconciliations.

2014-2 Sheriff's Office – Unidentified funds in bond bank account

The Sheriff's Office maintains a bond bank account which has accumulated approximately $29,800 of unidentified funds from prior years. While the Sheriff's Office believes a portion of the funds may be attributed to partial payments made on citations, all sources of these funds have not been identified. Staff members should examine the prior years' activity in this account to identify the funding sources of these accumulated funds and determine how the funds should be distributed.

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

2014-3 Magistrate Court – lack of segregation of duties

A lack of segregation of duties exists at the Magistrate Court office. The duties of receipt collection, receipt processing, making deposits, writing checks and preparing bank reconciliations are performed by the same individual. No compensating controls have been implemented to offset this lack of segregation of duties. The office should consider reassigning certain duties to another individual or implementing compensating controls, such as a secondary review by another individual, to reduce the risk of misstatement.

County Response: We concur with this finding. We plan to reassign certain tasks pertaining to the receipt process. We will require two signatures on all checks, and bank reconciliations will be prepared by an employee outside of the Magistrate Court office.

We will also consider developing other controls to compensate for the lack of segregation of duties.

2014-4 Bank accounts not properly reconciled by County office

While performing the audit we noted that the bank accounts tracked by the County Commissioners' office were not properly reconciled. Some reconciled account balances did not agree with the general ledger while others included transactions occurring after year end, duplicated or inaccurate deposit entries, and uncorrected journal entry errors. When preparing bank reconciliations, outstanding transactions should be reviewed for accuracy and reasonableness, and the book balances should be compared to the general ledger to ensure the correct balance is being used for bank reconciliations.

County Response: We concur with this finding. We have hired additional finance personnel to help ensure bank reconciliations are prepared in an accurate manner.

2014-5 Loan payments not made in a timely manner

During the year ended June 30, 2014, the County made only one of the quarterly loan payments due on its One Georgia loan. Finance personnel should track all loan due dates and develop procedures to ensure payments are made in a timely manner.

County Response: We concur with this finding. Because of a change in personnel we failed to track the One Georgia loan due dates but have developed a system for tracking future loan payment dates.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Candler County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Candler County, Georgia's Response to Findings

Candler County, Georgia's response to the findings identified in our audit is described above. Candler County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's

internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thigpen, Lanier, Waterfield & Deal

Statesboro, Georgia
May 4, 2015