GRADY COUNTY, GEORGIA

Annual Financial Report

For the Year Ended December 31, 2012

GRADY COUNTY, GEORGIA
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GRADY COUNTY, GEORGIA
PRINCIPAL OFFICIALS
For the Year Ended December 31, 2012

ELECTED

Billy Poitevint, Chairman

T.D. David, Vice Chairman

LaFaye Copeland, County Commissioner

Elwyn Childs, County Commissioner

Charlie Norton, County Commissioner

Staff

Mary A. Mayer, Finance Director

Carrie K. Kines, County Clerk

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CPAs and Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Grady County, Georgia
Cairo, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Grady County, Georgia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grady County, Georgia, as of December 31, 2012, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grady County, Georgia's financial statements as a whole. The combining and nonmajor 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 financial statements.

The combining and nonmajor individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The accompanying schedule of state contractual assistance is presented for purposes of additional analysis and is not a required part of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying schedule of Special Purpose Local Option Sales Tax Expenditures is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013, on our consideration of Grady 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grady County, Georgia's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

June 26, 2013

Tifton, Georgia

Management's Discussion and Analysis

As management of Grady County, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2012. We encourage readers to read the information presented here in conjunction with the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The County has $69.23 million in total assets of which $41.88 million are capital assets.
- The County has $20.72 million in total liabilities of which $17.46 are long term.
- The assets of the County exceeded its liabilities as of December 31, 2012 by $48.51 million.
- The County's total net position decreased by $1.64 million.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of $24.17 million, a decrease of $1.85 million in comparison to the prior year. Approximately 44% of the combined fund balances, $10.47 million is considered unassigned and is available for spending at the County's discretion.
- As of December 31, 2012, unassigned fund balance of the general fund was $10.47 million, an decrease of $1.67 million in comparison to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information* that presents combining statements for nonmajor governmental funds. The County's basic financial statements consist of the following elements:

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the County's overall financial condition. Changes in the County's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the County's net position changed during the year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the County, reporting the County's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds. Financial statements for the County's component units are also presented.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Table 1 below summarizes the major features of the basic financial statements.

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire County government (except fiduciary funds) and the County's component units	Activities of the County that are not proprietary or fiduciary	Instances where the County is the trustee or agent for someone else's resources
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

Table 2 below presents the County's condensed statement of net assets as of December 31, 2012 and 2011.

Table 2
Condensed Statement of Net Position

	Total Primary Government	
	2012	**2011**
Assets		
Current and other assets	$ 27,345,922	$ 29,323,085
Capital assets	41,884,780	42,040,522
Total assets	69,230,702	71,363,607
Liabilities		
Other liabilities	3,262,882	2,936,362
Long-term liabilities	17,461,035	18,283,048
Total liabilities	20,723,917	21,219,410
Net Position		
Invested in capital assets, net of related debt	24,967,582	24,300,522
Restricted	13,587,885	13,809,702
Unrestricted	9,951,318	12,033,973
Total net position	$ 48,506,785	$ 50,144,197

The largest component of the County's net position is its' investment in capital assets (i.e. land, buildings, equipment, infrastructure and other), less any related debt outstanding that was needed to acquire or construct the assets. The County uses these capital assets to provide services to the citizens and businesses in the County; consequently, these assets are not available for future spending. Restricted assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net position is unrestricted, which can be used to finance government operations.

Condensed Statement of Activities

Table 3 below presents the County's condensed statement of activities for the years ended December 31, 2012 and 2011. Over time, increases or decreases in net position measure whether the County's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

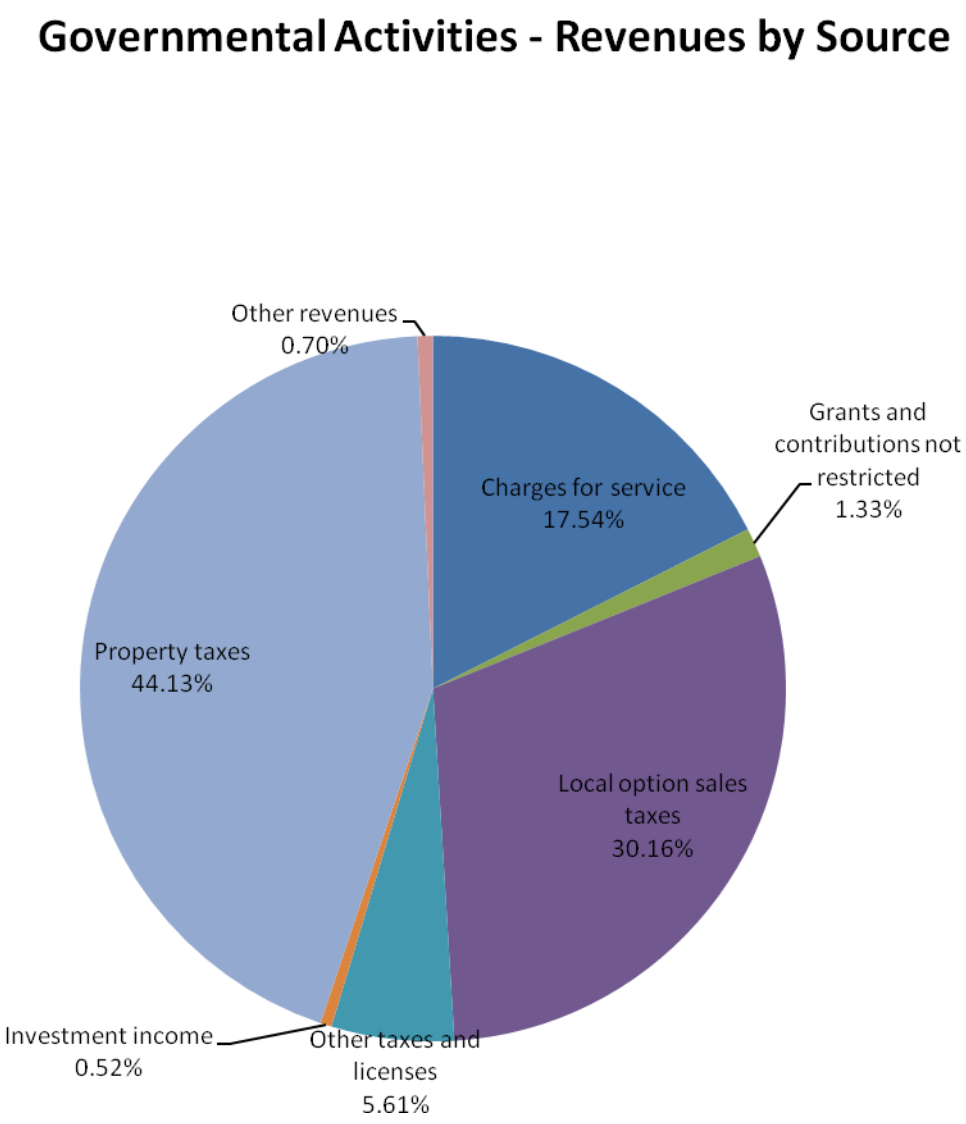
	Total Primary Government	
	2012	**2011**
Revenues		
Program revenues:		
Charges for services	$ 2,477,211	$ 2,338,294
Operating grants and contributions		
Capital grants and contributions	188,041	35,515
General revenues:		
Property taxes	6,232,265	6,020,438
Local option sales taxes	4,258,878	4,323,616
Other taxes and licenses	792,811	758,563
Grants and contributions not restricted to specific Programs	- -	- -
Investment income	73,031	116,559
Gain (loss) on sale of capital assets	8,510	21,619
Other revenues	90,897	104,546
Total revenues	14,121,644	13,719,150
Expenses		
General government	2,835,723	3,374,317
Public safety	5,793,003	4,165,765
Court system	920,947	892,953
Public works	4,267,559	4,647,668
Public health and welfare	204,907	184,128
Public Education	28,813	- -
Recreation	698,016	403,873
Library	108,139	114,526
Economic development	73,022	73,020
Interest - long-term debt	828,927	613,976
Total expenses	15,759,056	14,470,226
Increase (decrease) in net assets before transfers	(1,637,412)	(751,076)
Transfers	- -	- -
Change in net position	$ (1,637,412)	$ (751,076)

During the year ended December 31, 2012, the net position of the County decreased $1.64 million. Total revenues for 2012 increased $402 thousand compared with 2011 due primarily to an increase in charges for services and capital grants. Total expenses for 2012 increased $1.29 million over 2011. The major factor in this increase was an increase in expenditures for public safety and interest on long-term debt. Depreciation expense of $2.6 million was allocated to the various functions of governmental activities.

Program Expenses and Revenues for Governmental Activities

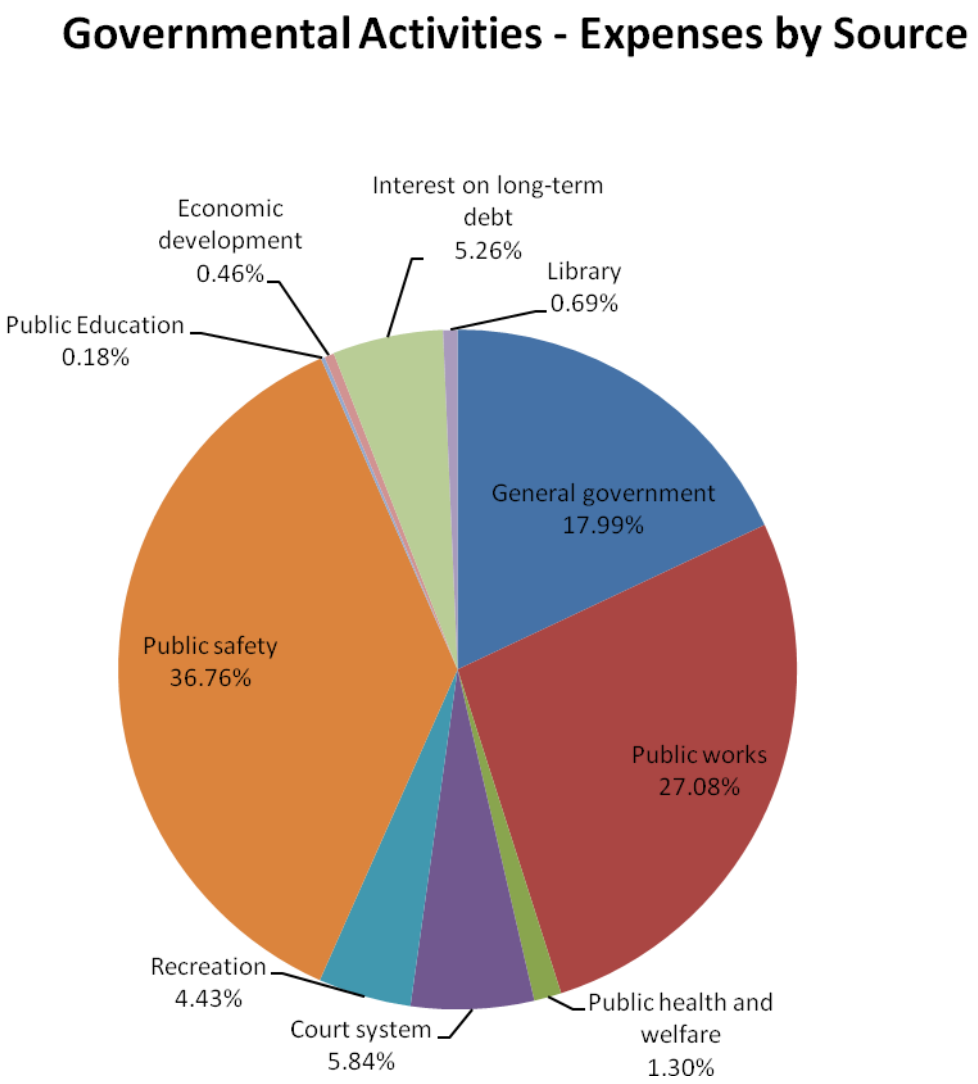
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source. Approximately 17.54% of the County's revenues were derived from charges for services and approximately 30.16% came from local options sales taxes. The largest portion of the County's revenue, 44.13%, came from property taxes.



Governmental Activities – Expenses by Source

The following chart shows the governmental activities expenses by source. The County spent the greatest amount of its available funding on public safety at 36.76%. The next largest funding was for public works at 27.08% and general government at 17.99%.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The focus of the County's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved, undesignated fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2012, the County's governmental funds reported a combined ending fund balance of $24.17 million with $10.47 million reported as unassigned fund balance and the remaining amount of $13.70 million restricted for specific purposes.

The general fund is the operating fund of the County. As of December 31, 2012, unassigned fund balance of the general fund was $10.47 million and total fund balance was $10.59 million. The net change in the general fund's fund balance for the year ended December 31, 2012, was a decrease of $1.63 million or 13%. The reason for the decrease in the fund balance was due to an increase in E-911 Services expenditures of $1.23 million, an increase in Jail expenditures of $80 thousand, a decrease in property taxes of $198 thousand and an increase of fines, forfeitures and fees of $442 thousand. All other revenue sources and expenditures were consistent with prior year revenue sources and expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2012 related to the transfer of budgeted amounts between departments and did not result in additional appropriations.

The actual revenues of the general fund were more than original budgeted amounts by $368 thousand for the year ended December 31, 2012. The major factors contributing to this difference was a $442 thousand increase in fines, forfeitures and fees, an increase in other revenues of $48 thousand and a increase in local option sales taxes of $55 thousand.

The actual expenditures of the general fund were more than original budgeted amounts by $1.07 million for the year ended December 31, 2012. The major factors contributing to this difference was $1.23 million in public safety expenditures above the budgeted amounts, $13 thousand in health and welfare expenditures above the budgeted amounts and $338 thousand in general government expenditures below the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2012, the County had capital assets of $41.88 million invested in land, site improvements, construction in progress, buildings and building improvements, equipment, and infrastructure assets. Refer to Note G of the Notes to Financial Statements for additional information on capital assets.

Long-term Debt

At December 31, 2012, The County reported long term debt of $17.46 million including general obligation sales tax bonds in the amount of $2.56 million and revenues bonds in amount of $14.9 million. Refer to Note H of the Notes to Financial Statements for additional information on long-term debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

Grady County Finance Department
250 North Broad Street
Cairo, Georgia 39828
Telephone: (229) 377-1512

Basic Financial Statements

GRADY COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government		Component Units	
	Governmental Activities	Total	Hospital Authority	Health Department
ASSETS				
Cash and cash equivalents	$ 9,283,019	$ 9,283,019	$ 71,579	$ 387,718
Accounts receivable, net	813,852	813,852	-	1,101
Property tax receivable	2,497,726	2,497,726	-	-
Inventories	-	-	-	-
Prepaid expenses	120,777	120,777	-	-
Other assets	-	-	-	-
Due from other governments	594,159	594,159	-	-
Interfund balances	-	-	-	-
Restricted assets:				
Cash and cash equivalents	13,763,864	13,763,864	-	-
Sales tax receivable	272,525	272,525	-	-
Capital assets:				
Land	5,546,090	5,546,090	58,592	-
Construction in progress	7,190,149	7,190,149	-	-
Other capital assets, net of accumulated depreciation	29,148,541	29,148,541	926,133	7,200
Total assets	69,230,702	69,230,702	1,056,304	396,019
LIABILITIES				
Accounts payable	414,675	414,675	-	2,933
Accrued expenses	448,755	448,755	-	-
Unearned revenue	14,715	14,715	1,000	-
Due to other governments	2,384,737	2,384,737	-	27,508
Liabilities payable from restricted assets	-	-	-	-
Long-term liabilities:				
Due within one year	1,000,000	1,000,000	-	-
Due in more than one year	16,346,630	16,346,630	-	-
Compensated absences	114,405	114,405	-	40,176
Total liabilities	20,723,917	20,723,917	1,000	70,617
NET POSITION				
Net investment in capital assets	24,967,582	24,967,582	984,725	7,200
Restricted for:				
Capital projects	13,446,433	13,446,433	-	-
Other uses	141,452	141,452	-	236,727
Unrestricted	9,951,318	9,951,318	70,579	81,475
Total net position	$ 48,506,785	$ 48,506,785	$ 1,055,304	$ 325,402

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 2,832,453	$ 374,186	$ -	$ -	$ (2,458,267)
Public safety	5,796,273	1,285,642	-	169,797	(4,340,834)
Court system	920,947	757,921	-	-	(163,026)
Public works	4,267,559	-	-	18,244	(4,249,315)
Public health and welfare	204,907	24,494	-	-	(180,413)
Public education	28,813	-	-	-	(28,813)
Recreation	698,016	26,955	-	-	(671,061)
Library	108,139	8,013	-	-	(100,126)
Economic development	73,022	-	-	-	(73,022)
Interest on long-term debt	828,927	-	-	-	(828,927)
Total governmental activities	15,759,056	2,477,211	-	188,041	(13,093,804)
Total primary government	15,759,056	2,477,211	-	188,041	(13,093,804)
Component units:					
Grady County Hospital Authority	78,865	14,550	-	-	(64,315)
Grady County Health Department	829,283	195,170	603,551	-	(30,562)
Total component units	$ 908,148	$ 209,720	$ 603,551	$ -	$ (94,877)

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2012

	Primary Government		
	Governmental Activities	Total	Component Units
Change in net position:			
Net (expense) revenue	$ (13,093,804)	$ (13,093,804)	$ (94,877)
General revenues:			
Taxes:			
Property taxes	6,232,265	6,232,265	-
Local option sales taxes	4,258,878	4,258,878	-
Other taxes	792,811	792,811	-
Grants and contributions not restricted to specific programs	-	-	-
Investment income	73,031	73,031	1,198
Gain on sale of capital assets	8,510	8,510	-
Other revenues	90,897	90,897	-
Transfers	-	-	-
Total general revenues and transfers	11,456,392	11,456,392	1,198
Change in net position	(1,637,412)	(1,637,412)	(93,679)
Net position, beginning of year	50,144,197	50,144,197	1,474,385
Net position, end of year	$ 48,506,785	$ 48,506,785	$ 1,380,706

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General Fund	Tired Creek Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 9,283,019	$ -	$ -	$ -	$ 9,283,019
Accounts receivable, net	277,442	-	455,628	80,782	813,852
Property tax receivable	2,497,726	-	-	-	2,497,726
Prepaid expenditures	120,777	-	-	-	120,777
Due from other governments	594,159	-	-	-	594,159
Due from general fund	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted assets:					-
Cash and cash equivalents	-	9,674,730	2,826,687	1,262,447	13,763,864
Sales tax receivable	272,525	-	-	-	272,525
Total assets	13,045,648	9,674,730	3,282,315	1,343,229	27,345,922
LIABILITIES					
Accounts payable	201,366	110,332	-	102,977	414,675
Accrued expenses	275,887	-	-	-	275,887
Unearned revenue	-	-	-	14,715	14,715
Due to other governments	1,450,627	-	484,365	-	1,934,992
Due to general fund	-	-	-	-	-
Due to other funds	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	1,927,880	110,332	484,365	117,692	2,640,269
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	530,861	-	-	-	530,861
FUND BALANCES					
Nonspendable					
Prepaid expenditures	120,777	-	-	-	120,777
Restricted for:					
Public services	-	-	-	141,452	141,452
Debt service	-	-	-	-	-
Specific purposes	-	9,564,398	2,797,950	1,084,085	13,446,433
Unassigned, reported in:					
General fund	10,466,130	-	-	-	10,466,130
Capital projects funds	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Total fund balances	10,586,907	9,564,398	2,797,950	1,225,537	24,174,792
Total liabilities, deferred inflows of resources and fund balances	$ 13,045,648	$ 9,674,730	$ 3,282,315	$ 1,343,229	$ 27,345,922

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2012

Total governmental fund balances	$ 24,174,792
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,884,780
Certain property tax revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	530,861
Liabilities not due and payable in the current period and therefore not reported in the funds:	
Net pension liability	(9,321)
Bonds payable (net of unamortized premiums)	(17,346,630)
Due to other governments	(440,424)
Accrued interest	(172,868)
Compensated absences	(114,405)
Net position of governmental activities	$ 48,506,785

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General Fund	Tired Creek Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 6,134,651	$ -	$ -	$ -	$ 6,134,651
Local option sales taxes	1,592,253	-	2,666,625	-	4,258,878
Other taxes	792,811	-	-	-	792,811
Fines, forfeitures and fees	2,112,198	-	-	365,013	2,477,211
Investment income	44,273	28,611	16,946	1,445	91,275
Intergovernmental	-	-	-	169,797	169,797
Other revenues	90,897	-	-	-	90,897
Total revenues	10,767,083	28,611	2,683,571	536,255	14,015,520
EXPENDITURES					
Current:					
General government	3,580,130	-	-	-	3,580,130
Public safety	5,120,026	-	-	421,956	5,541,982
Court system	920,947	-	-	-	920,947
Public works	1,431,071	-	-	194,679	1,625,750
Public health and welfare	196,787	-	-	-	196,787
Public education	28,813	-	-	-	28,813
Recreation	333,460	-	-	535	333,995
Library	100,000	-	-	8,139	108,139
Economic development	73,022	-	-	-	73,022
Intergovernmental	-	-	1,151,984	-	1,151,984
Capital projects	-	724,144	-	174,377	898,521
Debt service:					
Principal	-	-	800,000	-	800,000
Interest	586,619	-	69,440	-	656,059
Total expenditures	12,370,875	724,144	2,021,424	799,686	15,916,129
Excess (deficiency) of revenues over expenditures	(1,603,792)	(695,533)	662,147	(263,431)	(1,900,609)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	75,000	75,000
Transfers to other funds	(75,000)	-	-	-	(75,000)
Sale of capital assets	50,565	-	-	-	50,565
Long-term debt issued	-	-	-	-	-
Total other financing sources (uses)	(24,435)	-	-	75,000	50,565
Net change in fund balances	(1,628,227)	(695,533)	662,147	(188,431)	(1,850,044)
Fund balances, beginning of year	12,215,134	10,259,931	2,135,803	1,413,968	26,024,836
Fund balances, end of year	$ 10,586,907	$ 9,564,398	$ 2,797,950	$ 1,225,537	$ 24,174,792

See accompanying notes to financial statements.

GRADY 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 December 31, 2012

Net change in fund balances - total governmental funds	$ (1,850,044)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	2,449,021
Depreciation expense	(2,562,708)
In the Statement of Activities, only the gain or loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold or disposed.	
Total proceeds from sale or disposal	(50,565)
Total gain or (loss) on sale or disposal	8,510
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This year's adjustment includes the write-off of prior years' unamortized bond issuance costs to implement GASB 65.	
Debt issued	-
Debt payments made	800,000
Amortization of bond premiums	22,802
Amortization of bond issuance costs	(378,385)
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Unavailable revenues - property taxes	97,614
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.	
Interest expense	(172,868)
Compensated absences	(789)
Change in net position of governmental activities	$ (1,637,412)

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 6,333,063	$ 6,134,651	$ 6,134,651	$ -
Local option sales taxes	1,537,404	1,592,253	1,592,253	-
Other taxes	764,255	792,811	792,811	-
Fines, forfeitures and fees	1,670,000	2,112,199	2,112,198	(1)
Investment income	50,000	44,273	44,273	-
Intergovernmental	2,000	-	-	-
Other revenues	42,500	90,897	90,897	-
Total revenues	10,399,222	10,767,084	10,767,083	(1)
EXPENDITURES				
Current:				
General government				
County commissioners	585,479	374,594	374,590	4
Registrar	24,824	26,926	26,925	1
Tax commissioner	234,054	217,619	217,612	7
Tax assessor	249,317	241,129	241,121	8
Building and grounds	358,009	297,387	297,379	8
County agent	121,246	117,865	117,862	3
Building inspection	168,578	157,321	157,316	5
General administration	2,176,572	2,147,329	2,147,325	4
Total general government	3,918,079	3,580,170	3,580,130	40
Public safety				
Sheriff	1,143,405	1,311,382	1,311,374	8
Drug task force	-	-	-	-
Jail	1,232,619	1,312,590	1,312,578	12
Fire fighting	189,509	192,549	192,538	11
Ambulance services	810,594	949,893	949,887	6
E-911 services	-	1,234,257	1,234,257	-
Emergency management	12,000	10,200	10,200	-
Coroner	22,500	23,306	23,305	1
Animal control	92,888	85,892	85,887	5
Total public safety	3,503,515	5,120,069	5,120,026	43
Court system				
Superior court	195,923	183,532	183,529	3
Clerk of superior court	233,694	229,659	229,656	3
District attorney	35,316	35,316	35,316	-
State court	98,497	92,607	92,604	3
Magistrate court	143,853	143,825	143,820	5
Probate court	211,876	192,611	192,608	3
Juvenile court	46,960	43,415	43,414	1
Total court system	966,119	920,965	920,947	18

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public works				
Roads and bridges	946,822	834,558	834,552	6
Road contracts	-	-	-	-
Solid waste	436,567	426,213	426,211	2
Shop	174,116	170,312	170,308	4
Total public works	1,557,505	1,431,083	1,431,071	12
Public health and welfare				
Health	144,989	144,989	144,989	-
Welfare	39,282	51,800	51,798	2
Total public health and welfare	184,271	196,789	196,787	2
Public Education	-	28,814	28,813	1
Recreation	355,450	333,470	333,460	10
Library	100,000	100,000	100,000	-
Economic development	73,189	73,022	73,022	-
Capital projects	-	-	-	-
Debt service:				
Principal	48,000	-	-	-
Interest	588,618	586,619	586,619	-
Total expenditures	11,294,746	12,371,001	12,370,875	126
Excess (deficiency) of revenues over expenditures	(895,524)	(1,603,917)	(1,603,792)	125
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,003,024	1,003,024	-	(1,003,024)
Transfers to other funds	(120,000)	(75,000)	(75,000)	-
Sale of capital assets	12,500	50,565	50,565	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	895,524	978,589	(24,435)	(1,003,024)
Net change in fund balances	-	(625,328)	(1,628,227)	(1,002,899)
Fund balances, beginning of year	12,215,134	12,215,134	12,215,134	-
Fund balances, end of year	$ 12,215,134	$ 11,589,806	$ 10,586,907	$ (1,002,899)

See accompanying notes to financial statements.

GRADY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2012

	Total Agency Funds
ASSETS	
Restricted assets:	
Cash and cash equivalents	$ 3,486,940
Property tax receivable	3,581,961
Total assets	7,068,901
LIABILITIES	
Due to others	7,068,901
Total liabilities	$ 7,068,901

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Grady County, Georgia have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

I. Reporting Entity

Grady County was created in 1905, under the provisions of an act by the General Assembly of Georgia. The County's governing authority is a five-member Board of Commissioners elected by district. The County provides the following services as authorized by state law: public safety, court systems, public works, public health and welfare, and general administrative services.

The financial reporting entity has been determined by management in accordance with generally accepted accounting principles to be Grady County (the primary government) and its component units. A component unit is a legally separate organization for which the primary government is financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of each component unit included in the County's reporting unit as discretely presented component units.

Grady County Health Department

The Grady County Board of Health administers the operations of the Grady County Health Department, which provides public health services to the citizens of Grady County. The Georgia Department of Audits, Local Government Audit Section, has ruled that county boards of health should be considered component units of the county government for financial reporting purposes. The County appoints a majority of the members of the Grady County Board of Health and provides funding annually in an amount sufficient to satisfy the local matching funds as required by the Georgia Department of Human Resources. The entity is reported as a governmental fund type component unit. The Grady County Health Department's year end is June 30, 2012. Separate audited financial statements may be obtained from:

Grady County Health Department
250 North Broad Street
Cairo, Georgia

Grady County Hospital Authority

The County entered into an agreement with the Grady County Hospital Authority on May 1, 1976, to pay directly to the Grady County Hospital Authority amounts, as needed, sufficient to pay the principal and interest on the 1976 Series bonds. The County appoints all members of the Board of the Grady County Hospital Authority. The entity is reported as a governmental fund type component unit. Separate financial statements are not issued.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

II. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Changes in Net Position) report information on all non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers 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.

III. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government – Wide Financial Statements

The County's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements are presented on the accrual basis. Accordingly, all the County's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Fines are not susceptible to accrual because, generally, they are not measurable until received in cash. The County considers revenues to be available if they are collected within 60 days after year end.

The County reports the following major governmental funds:

The *General Fund* is the principal fund of the County and is used to account for all of its activities not otherwise accounted for by a specified fund.

The *SPLOST 2007 Capital Projects Fund* is used to account for financial resources for the acquisition or construction of major capital facilities and improvements. These projects are financed through budget appropriations, sales tax proceeds and general obligation sales tax, and capital leases. The County's SPLOST 2007 Capital Projects Fund is used to account for the collection and disbursement of the 1% Special Purpose Local Option Sales Tax (SPLOST).

The *Tired Creek Capital Projects Fund* is used to design, acquire, construct, and equip a 960 acre recreational fishing lake within the County. This project is financed through South Georgia Governmental Services Authority Revenue Bonds.

Additionally the County reports the following fund types:

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The County utilizes the following fiduciary funds:

> Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and the County departments.

Component Units: All component units are reported using the *economic resources measurement focus basis* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity of three months or less.

Statutes authorize the County to invest in obligations of the U.S. Treasury, other U.S. Government agencies, the State of Georgia, other counties, municipal corporations and political subdivisions of the State of Georgia, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables. All amounts due from other governments are considered collectible in full.

Outstanding balances between funds at the end of the fiscal year are referred to as either “Due From Other Funds” or “Due To Other Funds”.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased. Inventory in the General Fund consists of other supplies, which are recorded as assets at the time of purchase and as expenditures as the supplies are used. These inventories are valued at cost using the first-in, first-out method.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Proceeds from certain revenues and other resources in the General Fund, Special Revenue Funds, and Capital Projects Funds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable statutes or agreements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) acquired after December 31, 1979, are reported in the applicable governmental-type activities column in the government-wide financial statements. The County's policy has set the capitalization threshold at $5,000 and an estimated useful life of more than one year for reporting capital assets other than infrastructure assets. The County's capitalization threshold for infrastructure assets is $100,000 and an estimated useful life of more than five years. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.
The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 60 years
Improvements	20 -30 years
Machinery and Equipment	10 -15 years
Vehicles	10 years
Office Equipment and Furniture	5 years
Public Domain Infrastructure	20 - 50 years

Deferred Inflows of Resources

In addition to liabilities, the County 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 future periods 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 revenue, is reported only in the government funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

It is the policy of the County to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide financial statements.

Long-Term Obligations, Debt Premiums, Discounts and Issuance Costs

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 position. Debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred. On the government-wide financial statements, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. At the government fund reporting level, debt premiums and discounts are reported as other financing sources and used, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the County to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. At December 31, 2012, there were no encumbrances outstanding.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Subsequent Events

Subsequent events were evaluated through June 26, 2012, which is the date the financial statements were available to be issued.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of GASB Statement Nos. 63 and 65

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and early implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended December 31, 2012. These statements required changes in account captions in the statement of net position. In addition the balance of unamortized bond issuance costs, $378,385 at December 31, 2011, was fully amortized during the year ended December 31, 2012, rather than adjusted through a prior period adjustment due to materiality.

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

I. Budget Process

The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing 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 County's financial position. An annual operating budget is prepared for the General Fund and Special Revenue Funds.

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1) Prior to August 1, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public notice of budget and tax proposals is provided in conformance with Georgia law.
3) Public hearings are conducted to obtain taxpayer comments.
4) Prior to December 1, the budget is formally adopted.
5) Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The appropriated budgets are prepared by fund, function, and department. Transfers of appropriations between departments require the approval of the County Commissioners. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level.

The County does not employ the use of encumbrance accounting in governmental funds and no material purchase orders, contracts, or other commitments existed at the end of the fiscal year which should have been encumbered.

II. Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the County in the Capital Projects Fund, are subject to budgetary control on a project basis. The budgets are approved by the Board of Commissioners and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

NOTE C - DEPOSITS AND INVESTMENTS

Cash on Deposit

For cash deposits, the bank balance is classified into three categories of credit risk:

1) Cash that is insured or collateralized with securities held by the government or by its agent in the government's name.
2) Cash collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.
3) Cash collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name, or uncollateralized.

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to or not less than 100 percent of the deposited public funds.

As of December 31, 2012, the carrying amount of the County's deposits was $26,533,823 and the bank balance was $25,696,524. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 1,021,831	$ 24,674,693	$ --	$ 25,696,524

As of December 31, 2012, the carrying amount of deposits for the Grady County Health Department was $387,383 and the bank balances were $389,748. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 285,116	$ 104,632	$ --	$ 389,748

As of December 31, 2012, the carrying amount of deposits for the Grady County Hospital Authority was $71,579 and the bank balances were $71,579. The deposits were classified as follows:

	Category			
	1	2	3	Total
Bank balance	$ 71,579	$ --	$ --	$ 71,579

NOTE D – RECEIVABLES AND TAX REVENUE

I. Property Tax

Property taxes are levied on property values assessed as of January 1. State law requires that property taxes be based on assessed value, which is 40% of market value. The billing, representing the 2012 fiscal year tax levy, was mailed October 20, 2012. The billings are considered past due 60 days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are 90 days delinquent.

Upon completion of all assessments and tax returns, the information is turned over to the Grady County Tax Commissioner for completion of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval.

The Grady County Tax Commissioner distributes tax notices and collects tax payments. Collections of the county taxes and remittance of them to the appropriate fund or government are accounted for in the Tax Commissioner Agency Fund.

II. Receivables

Receivables as of December 31, 2012 for the County's individual major funds, nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	SPLOST 2007 Capital Projects Fund	Nonmajor Governmental And Other Funds	Total
Accounts Receivable	$ 1,984,068	$ 455,628	$ 80,782	$ 2,520,478
Property Tax Receivable	2,497,726	- -	- -	2,497,726
Sales Tax Receivable	272,525	- -	- -	272,525
Gross Receivables	4,754,319	455,628	80,782	5,290,729
Less:				
Allowance for Uncollectables	(1,706,626)	- -	- -	(1,706,626)
Net Total Receivables	$ 3,047,693	$ 455,628	$ 80,782	$ 3,584,103

NOTE E – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of December 31, 2012 consisted of $594,159 due from the Grady County Joint Development Authority. The note bears an interest rate of 1%. Principal and interest is due on March 16, 2013.

NOTE F – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

II. Interfund Transfers

Interfund transfers are used to move revenues from the fund that the Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.Interfund transfers for the year ended December 31, 2012 consisted of the following:

Fund	Transfers - in	Transfers - out
General Fund	$ - -	$ 75,000
Nonmajor Governmental Funds	75,000	- -
	$ 75,000	$ 75,000

NOTE G – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2012:

Primary Government

Governmental Activities:

	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Capital assets, not being depreciated:				
Land	$ 5,546,090	$ - -	$ - -	$ 5,546,090
Construction in progress	6,466,005	724,144	- -	7,190,149
Total capital assets not being depreciated	12,012,095	724,144	- -	12,736,239
Other capital assets				
Buildings	13,638,042	- -	- -	13,638,042
Machinery and equipment	5,720,714	1,643,092	(167,712)	7,196,094
Roads and bridges	93,672,305	81,785	- -	93,754,090
Total other capital assets at cost	113,031,061	1,724,877	- -	114,588,226
Less accumulated depreciation for:				
Buildings	(5,279,549)	(370,599)	- -	(5,650,148)
Machinery and equipment	(3,980,567)	(581,584)	125,657	(4,436,494)
Roads and bridges	(73,742,518)	(1,610,525)	- -	(75,353,043)
Total accumulated depreciation	(83,002,634)	(2,562,708)	125,657	(85,439,685)
Other capital assets, net	30,028,427	(837,831)	(42,055)	29,148,541
Governmental activities capital assets, net	$ 42,040,522	$ (113,687)	$ (42,055)	$ 41,884,780

NOTE G – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 393,134
Public safety	466,847
Court system	- -
Public works	1,612,686
Public health and welfare	8,120
Recreation	81,921
Library	- -
Total governmental activities depreciation expense	$ 2,562,708

Component Units

Capital asset activity for the Grady County Heath Department, a discretely presented component unit, for the year ended December 31, 2012 is as follows:

Governmental Activities:

	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Capital assets, not being depreciated:	$ - -	$ - -	$ - -	$ - -
Other capital assets				
Machinery and equipment	65,225	5,248	- -	70,473
Total other capital assets at cost	65,225	5,248	- -	70,473
Less accumulated depreciation for:				
Machinery and equipment	(61,323)	(1,950)	- -	(63,273)
Total accumulated depreciation	(61,323)	(1,950)	- -	(63,273)
Other capital assets, net	3,902	3,298	- -	7,200
Governmental activities capital assets, net	$ 3,902	$ 3,298	$ - -	$ 7,200

Depreciation expense was charged to functions as follows:

Governmental activities	
Public health and welfare	$ 1,950
Total governmental activities depreciation expense	$ 1,950

NOTE G – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Grady County Hospital Authority, a discretely presented component unit, for the year ended December 31, 2012 is as follows:

Governmental Activities:

	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Capital assets, not being depreciated:	$ 58,592	$ - -	$ - -	$ 58,592
Other capital assets				
Buildings	3,804,468	- -	- -	3,804,468
Total other capital assets at cost	3,804,468	- -	- -	3,804,468
Less accumulated depreciation for				
Buildings	(2,805,689)	(72,646)	- -	(2,878,335)
Total accumulated depreciation	(2,805,689)	(72,646)	- -	(2,878,335)
Other capital assets, net	998,779	(72,646)	- -	926,133
Governmental activities capital assets, net	$ 1,057,371	$ (72,646)	$ - -	$ 984,725

Depreciation expense was charged to functions as follows:

Governmental activities	
Public health and welfare	$ 72,646
Total governmental activities depreciation expense	$ 72,646

NOTE H – LONG TERM DEBT

I. General Obligation Sales Tax Bond

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital projects.

On April 15, 2008, the County issued $5,000,000 in General Obligations Sales Tax Bonds, Series 2008 with an interest rate of 2.48%. The proceeds are to be used to finance the costs of acquiring, constructing, and equipping capital outlay projects of the County. The bonds have annual principal installments due on August 1 and semiannual interest installments due on February 1 and August 1. A summary of the terms as of December 31, 2012 is as follows:

Fund and Description	Original Amount	Interest Rate	Due Date	Amount
SPLOST 2007 Fund - General Obligation Sales Tax Bond, Series 2008	$ 5,000,000	2.48%	2014	$ 2,000,000
			Less current portion	(1,000,000)
				$ 1,000,000

The annual debt service requirement to maturity of the bonds at December 31, 2012 is as follows:

Year Ending December 31	Principal	Interest	Total
2013	1,000,000	49,600	1,049,600
2014	1,000,000	24,800	1,024,800
	$ 2,000,000	$ 74,400	$ 2,074,400

II. South Georgia Governmental Services Authority Revenue Bonds

On October 26, 2010, the County issued $14,940,000 in South Georgia Governmental Services Authority Revenue Bonds, Series 2010 with a variable interest rate not to exceed 7.50%. The proceeds are to be used to finance the costs of designing, acquiring, constructing, and equipping a 960 acre recreational fishing lake within the County. The bonds have annual principal installments beginning on October 1, 2015 and semiannual interest installments due on April 1 and October 1 beginning April 1, 2011. A summary of the terms as of December 31, 2012 is as follows:

Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Tired Creek Fund - South GA Governmental Services Authority Revenue Bond, Series 2010	$ 14,940,000	various	2030	$ 14,940,000
			Unamortized bond premium	406,630
			Less current portion	- -
				$ 15,346,630

NOTE H – LONG TERM DEBT (CONTINUED)

The annual debt service requirement to maturity of the bonds at December 31, 2012 is as follows:

Year Ending December 31	Principal	Interest	Total
2013	- -	586,619	586,619
2014	- -	586,619	586,619
2015	700,000	586,619	1,286,619
2016	730,000	565,619	1,295,619
2017	750,000	541,894	1,291,894
2018 – 2022	4,150,000	2,311,331	6,461,331
2023 – 2027	5,025,000	1,447,125	6,472,125
2028 – 2030	3,585,000	302,250	3,887,250
	$ 14,940,000	$ 6,928,076	$ 21,868,076

III. Changes in Long-Term Liabilities

The following is a summary of the activity in long term-liabilities for the year ended December 31, 2012:

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Bonds:					
General obligation bond	$ 2,800,000	$ - -	$ (800,000)	$ 2,000,000	$ 1,000,000
SGGSA revenue bond	14,940,000	- -	- -	14,940,000	- -
Plus deferred amounts:					
For issuance premiums	429,432	- -	(22,802)	406,630	- -
Total bonds payable	18,169,432	- -	(822,802)	17,346,630	1,000,000
Compensated absences	113,616	789	- -	114,405	- -
Total long-term liabilities	$ 18,283,048	$ 789	$ (822,802)	$ 17,461,035	$ 1,000,000

Compensated absences are generally liquidated by the General Fund.

Component Units

The activity in long-term liabilities for the Grady County Heath Department, a discretely presented component unit, for the year ended December 31, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 40,589	$ - -	$ (413)	$ 40,176	$ - -

NOTE I – RESTRICTIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of restricted and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

Fund balance restrictions at December 31, 2012 include:

Special Revenue Funds	
Reserve for restricted purposes to reflect resources legally restricted for specific purposes	$ 141,452
Capital Projects Funds	
Reserve for specific purposes to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 13,446,433

NOTE J - SPECIAL PURPOSE LOCAL OPTION SALES TAX

The voters of Grady County approved a referendum imposing a special one percent retail sales and use tax for a limited period of time not to exceed six years from the imposition date of March 20, 2007. The referendum will raise $14,000,000 for various capital outlay projects.

NOTE K – PENSION PLAN

Primary Government

Plan Description

The County's defined benefit pension plan, the Grady County, Georgia Defined Benefit Plan (GCGDBP), provides retirement and disability benefits, and death benefits to plan members and beneficiaries. GCGDBP is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (ACCGDBP), an agent multiple-employer pension plan administered by the Association County Commissioners of Georgia. The Constitution of the State of Georgia enables the governing authority of the County, the Board of Commissioners, to establish and amend the benefit provisions of the plans that participate in ACCGDBP. The Association County Commissioners of Georgia issues a publicly available financial report that includes financial statements and required supplementary information for ACCGDBP. That report may be obtained by writing to the Association County Commissioners of Georgia, Suite 1000, 50 Hurt Plaza, Atlanta, Georgia 30303.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan, but not beyond age 70. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of .5% of average annual compensation up to $6,600 plus 1.0% of average annual compensation in excess of $6,600 plus $36 for each year of service payable a life annuity. Compensation is averaged over a five-year period prior to retirement or termination.

NOTE K – PENSION PLAN (CONTINUED)

Funding Policy

The County is required to contribute at an actuarially determined rate in accordance with Section 47-20 of the Georgia Code, which sets forth the minimum funding standards for state and local government pension plans. Plan participants are required to contribute 2% of pay up to $6,600 plus 3% of pay above $6,600. The Constitution of the State of Georgia enables the governing authority of the County, the Board of Commissioners, to establish and amend the contribution rates for the County and its plan participants.

Annual Pension Cost

For the year ended December 31, 2012, the County's annual pension cost for GCGDBP was $129,308 and actual contributions were $129,596. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the "Projected Unit Credit" actuarial cost method. The actuarial assumptions used in the valuation include: (a) a 7.75% investment rate of return, compounded annually, (b) projected salary increases of 4.5% - 7.0% annually, (c) no annual cost-of-living adjustments, and (d) no post-retirement benefit increases. Both (a) and (b) included an inflation component of 3.0% annually. The actuarial value of GCGDBP assets was determined based on the asset's market value. The unfunded actuarial accrued liability of the GCGDBP is being amortized as a level percent of pay on a closed basis. The weighted – average remaining amortization period as of December 31, 2012, was 10 years.

The County's annual pension cost for the pension plan is as follows:

	2012	2011
Annual required contribution	$ 129,359	$ 119,735
Interest on net pension obligation	722	739
Amortization of net pension obligation	(773)	(791)
Annual pension cost	$ 129,308	$ 119,683

The County's net pension asset for the pension plan for the current year is as follows:

Annual pension cost for prior year	$ 119,683
Actual contributions to Plan for prior year	119,903
Increase (decrease) in net pension obligation	(220)
Net pension obligation (asset) as of the beginning of the year	9,541
Net pension obligation (asset) as of the end of the year	$ 9,321

NOTE K – PENSION PLAN (CONTINUED)

Three – Year Trend Information for GCGDBP

Year Ended, December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	155,718	100.0%	9,593
2011	119,683	100.0%	9,541
2012	129,308	N/A	9,321

Schedule of Funding Progress for GCGDBP

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/10	1,976,778	2,442,495	465,717	80.9%	2,670,227	17.4%
12/31/11	2,122,738	2,587,542	464,804	82.0%	2,602,588	17.9%
12/31/12	2,309,812	2,830,638	520,826	81.6%	2,609,399	20.0%

Actuarial Valuation Information

Current Valuation Date	January 1, 2012
Actuarial Funding Method	Projected unit credit
Amortization Method	Level percentage, closed
Remaining Amortization Period	10
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	4.5% - 7.0% based on age
Expected Annual Inflation	3%

Component Units

Grady County Health Department

The employees of the Grady County Health Department are covered by the Employee's Retirement System of the State of Georgia. Total retirement contributions for the year ended June 30, 2012 were $41,548 based on qualifying salaries of $316,270. Ten year historical information may be obtained from the Employee's Retirement System of Georgia.

NOTE L – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

Property and General Liability and Worker's Compensation

The County has joined together with other counties in the state as part of the Interlocal Risk Management Agency (IRMA) for property and liability insurance and the Association County Commissioners of Georgia (ACCG) Group Self – Insurance Worker's Compensation Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The ACCG administers both risk pools.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs 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.

Group Medical Benefits

The County provides health insurance for its employees through a commercial insurance provider. During the year ended December 31, 2012, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage in the years ended December 31, 2010, 2011, and 2012.

NOTE M – JOINT VENTURES

Southwest Georgia Regional Development Center

Under Georgia law, the County is a member of the Southwest Georgia Regional Development Center (SGRDC) along with surrounding counties and municipalities and is required to pay dues thereto. The SGRDC is a multi-funded organization receiving funds from federal, state, and local agencies, plus member governments. Its purpose is to further the orderly growth, economic prosperity, and well-being of the people of the Southwest Georgia area. During the year ended December 31, 2012, the County paid dues to the SGRDC of approximately $14,933. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization 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 member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Southwest Georgia Regional Development Center
P.O. Box 346
Camilla, Georgia 31730

NOTE M – JOINT VENTURES (CONTINUED)

E - 911 System

The County entered an agreement with Decatur County, Georgia on April 6, 1993 to implement an emergency 911 system. Each county is responsible for the maintenance and operational costs of the system. Separate financial statements are not issued.

Sanitary Landfill

The County entered an agreement with the City of Cairo, Georgia and the City of Whigham, Georgia on February 10, 1992 to deposit solid waste in the sanitary landfill operated by the City of Cairo.

The agreement provides that each party will equitably share in the cost of the operation of the landfill. The agreement also provides that the City of Cairo will establish a sinking fund to meet future capital needs or expenditures that may be required to comply with local, state, or federal laws (i.e., ground water monitoring costs and other post closure costs). Should the City of Cairo incur any unexpected cost or additional requirements associated with post closure in excess of sinking/reserve funds retained, each party will make a contribution toward the additional costs in the percentage that shall equal the percentage of the total waste deposited at the landfill by the parties over the term of this agreement. The City of Whigham and Grady County shall not be required to make contributions toward additional costs that are due solely to the negligent act or intentional wrongful act of the City of Cairo in the administration of the landfill.

Each year, the City of Cairo provides to the City of Whigham and Grady County information regarding operation of the landfill during the previous year. If it is determined that the funds collected do not meet the cost of the operation of the landfill and sinking/reserve fund requirements, each party makes a contribution toward the deficit in a percentage that equals the percentage of the total waste deposited at the landfill by the parties. If it is determined that the funds collected exceed the cost of operation of the landfill, the excess is transferred to the sinking/reserve fund and each party is given credit in an amount based upon the percentage of waste deposited at the landfill by the parties toward any future deficit. Any excess that is accumulated over the term of the agreement is considered to be jointly owned by all parties based on the percentage of waste deposited at the landfill over the term of the agreement and will be disbursed at such time as there are no required costs to monitor the landfill. Separate financial statements are not prepared or issued by the sanitary landfill joint venture.

NOTE N – JOINTLY GOVERNED ORGANIZATIONS

Grady County Joint Development Authority

The County entered into an agreement with the City of Whigham, Georgia and the City of Cairo, Georgia to establish a joint development authority. The purpose of the Grady County Joint Development Authority (the Authority) is to facilitate economic development within Grady County by coordinating the efforts of elected officials, the Cairo-Grady County Chamber of Commerce, private organizations and citizens, and state and local organizations toward this end. It is contemplated that the Authority shall be the coordinating agency for organizations and businesses located within Grady County and agencies, organizations, and businesses outside Grady County to foster economic growth and improve the welfare of all citizens of Grady County.

The business of the Authority shall be conducted and managed by its Board of Directors that shall consist of seven (7) members. The members of the Authority shall be selected by Grady County Board of Commissioners (3), the City of Cairo (3), and the City of Whigham (1) for such terms as the appointing agency shall determine.

Multi-County Development Authority

The County via concurrent resolutions of the governing bodies of Brooks, Colquitt, Thomas, Grady and Mitchell Counties created the "Joint Development Authority of Brooks, Colquitt, Grady, Mitchell and Thomas Counties." The development authority is a public body corporate and politic, and an instrumentality of the participating counties. The general purposes of the Authority as set forth in the Development Authorities Law of Georgia are to promote the economic development of the geographical area of its operation and exercise all powers granted by Georgia Law.

The business of the Authority shall be conducted and managed by its Board of Directors that shall consist of fifteen (15) members. The governing body of each participating County appoints three members and such member shall be a resident and taxpayer of such County.

NOTE O – RELATED ORGANIZATIONS

The following is a list of related organizations for which Grady County appoints the voting majority of the Board of Directors:

- Grady County Recreation Advisory Board
- Board of Family and Children's Services
- Grady County Planning Commission
- Board of Tax Assessors and Board of Equalization
- Grady County Emergency Advisory Board

These organizations are not financially accountable to Grady County because the County does not impose its will or have a financial benefit or burden relationship with the organization.

NOTE P – COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in various legal proceedings and litigation arising in the normal course of operations. In the opinion of management, the outcome of such proceedings will not materially affect the financial position of the County.

NOTE P – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guaranty Agreements

The County has entered a contractual agreement with the Grady County Joint Development Authority whereby the County is obligated to pay forty percent (40%) of the amounts sufficient to pay the principal and interest on the Authority's $2.4 million 2007 Series revenue bonds. The County is authorized, if necessary, to levy a tax not greater than one mill per dollar on the assessed value of the taxable property within the County to meet the obligation. During 2012, the guaranteed loan balance from December 31, 2011 was paid in full.

Supplementary Information

GRADY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue Funds	SPLOST Capital Projects Fund	SPLOST 2002 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Accounts receivable, net	80,782	-	-	80,782
Property tax receivable	-	-	-	-
Prepaid expenditures	-	-	-	-
Due from other governments	-	-	-	-
Due from general fund	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and cash equivalents	176,867	35,259	1,050,321	1,262,447
Sales tax receivable	-	-	-	-
Total assets	257,649	35,259	1,050,321	1,343,229
LIABILITIES				
Accounts payable	101,482	-	1,495	102,977
Accrued expenses	-	-	-	-
Unearned revenue	14,715	-	-	14,715
Due to other governments	-	-	-	-
Due to general fund	-	-	-	-
Due to other funds	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	116,197	-	1,495	117,692
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Public services	141,452	-	-	141,452
Debt service	-	-	-	-
Specific purposes	-	35,259	1,048,826	1,084,085
Unassigned	-	-	-	-
Total fund balances	141,452	35,259	1,048,826	1,225,537
Total liabilities, deferred inflows of resources and fund balances	$ 257,649	$ 35,259	$ 1,050,321	$ 1,343,229

GRADY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds	SPLOST Capital Projects Fund	SPLOST 2002 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	365,013	-	-	365,013
Investment income	147	80	1,218	1,445
Intergovernmental	169,797	-	-	169,797
Other revenues	-	-	-	-
Total revenues	534,957	80	1,218	536,255
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	421,956	-	-	421,956
Court system	-	-	-	-
Roads and bridges	-	-	194,679	194,679
Public health and welfare	-	-	-	-
Recreation	535	-	-	535
Library	8,139	-	-	8,139
Economic development	-	-	-	-
Capital outlay	174,377	-	-	174,377
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	605,007	-	194,679	799,686
Excess (deficiency) of revenues over expenditures	(70,050)	80	(193,461)	(263,431)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	75,000	-	-	75,000
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	75,000	-	-	75,000
Net change in fund balances	4,950	80	(193,461)	(188,431)
Fund balances, beginning of year	136,502	35,179	1,242,287	1,413,968
Fund balances, end of year	$ 141,452	$ 35,259	$ 1,048,826	$ 1,225,537

See independent auditors' report.

GRADY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2012

	E-911 Fund	Law Library Fund	Confiscated Assets	Multiple Grants Fund	Grant Fund	Wolf Creek Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts receivable, net	80,782	-	-	-	-	-	80,782
Property tax receivable	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from general fund	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	58,636	19,331	46,326	49,975	815	1,784	176,867
Sales tax receivable	-	-	-	-	-	-	-
Total assets	139,418	19,331	46,326	49,975	815	1,784	257,649
LIABILITIES							
Accounts payable	86,289	632	575	13,986	-	-	101,482
Accrued expenses	-	-	-	-	-	-	-
Unearned revenue	-	-	-	13,335	-	1,380	14,715
Due to other governments	-	-	-	-	-	-	-
Due to general fund	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-	-	-
Total liabilities	86,289	632	575	27,321	-	1,380	116,197
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Public services	53,129	18,699	45,751	22,654	815	404	141,452
Debt service	-	-	-	-	-	-	-
Specific purposes	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	53,129	18,699	45,751	22,654	815	404	141,452
Total liabilities, deferred inflows of resources and fund balances	$ 139,418	$ 19,331	$ 46,326	$ 49,975	$ 815	$ 1,784	$ 257,649

GRADY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2012

	E-911 Fund	Law Library Fund	Confiscated Assets	Multiple Grants Fund	Grant Fund	Wolf Creek Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Fines, forfeitures and fees	352,792	8,013	4,208	-	-	-	365,013
Investment income	107	30	-	-	4	6	147
Intergovernmental	-	-	-	169,797	-	-	169,797
Other revenues	-	-	-	-	-	-	-
Total revenues	352,899	8,043	4,208	169,797	4	6	534,957
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	419,228	-	1,381	1,347	-	-	421,956
Court system	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Recreation	-	-	-	-	535	-	535
Library	-	8,139	-	-	-	-	8,139
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	174,377	-	-	174,377
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	419,228	8,139	1,381	175,724	535	-	605,007
Excess (deficiency) of revenues over expenditures	(66,329)	(96)	2,827	(5,927)	(531)	6	(70,050)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	75,000	-	-	-	-	-	75,000
Transfers to other funds	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-
Total other financing sources (uses)	75,000	-	-	-	-	-	75,000
Net change in fund balances	8,671	(96)	2,827	(5,927)	(531)	6	4,950
Fund balances (deficit), beginning of year	44,458	18,795	42,924	28,581	1,346	398	136,502
Fund balances (deficit), end of year	$ 53,129	$ 18,699	$ 45,751	$ 22,654	$ 815	$ 404	$ 141,452

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
E-911 FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	370,000	352,791	352,792	1
Investment income	500	500	107	(393)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	370,500	353,291	352,899	(392)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	359,000	415,959	419,228	(3,269)
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	359,000	415,959	419,228	(3,269)
Excess (deficiency) of revenues over expenditures	11,500	(62,668)	(66,329)	(3,661)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	65,939	75,000	9,061
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	65,939	75,000	9,061
Net change in fund balances	11,500	3,271	8,671	5,400
Fund balances (deficit), beginning of year	44,458	44,458	44,458	-
Fund balances (deficit), end of year	$ 55,958	$ 47,729	$ 53,129	$ 5,400

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	8,100	8,100	8,013	(87)
Investment income	100	100	30	(70)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	8,200	8,200	8,043	(157)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	-	-
Library	8,200	8,200	8,139	61
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,200	8,200	8,139	61
Excess (deficiency) of revenues over expenditures	-	-	(96)	(96)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(96)	(96)
Fund balances, beginning of year	18,795	18,795	18,795	-
Fund balances, end of year	$ 18,795	$ 18,795	$ 18,699	$ (96)

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CONFISCATED ASSETS FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	500	-	4,208	4,208
Investment income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	500	-	4,208	4,208
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	4,000	4,000	1,381	2,619
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,000	4,000	1,381	2,619
Excess (deficiency) of revenues over expenditures	(3,500)	(4,000)	2,827	6,827
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	500	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	500	-	-	-
Net change in fund balances	(3,000)	(4,000)	2,827	6,827
Fund balances, beginning of year	42,924	42,924	42,924	-
Fund balances, end of year	$ 39,924	$ 38,924	$ 45,751	$ 6,827

See independent auditors' report.

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MULTIPLE GRANTS FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Investment income	-	-	-	-
Intergovernmental	-	-	169,797	169,797
Other revenues	-	-	-	-
Total revenues	-	-	169,797	169,797
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	1,347	(1,347)
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Capital outlay	3,373	-	174,377	(174,377)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,373	-	175,724	(175,724)
Excess (deficiency) of revenues over expenditures	(3,373)	-	(5,927)	(5,927)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(3,373)	-	(5,927)	(5,927)
Fund balances, beginning of year	28,581	28,581	28,581	-
Fund balances, end of year	$ 25,208	$ 28,581	$ 22,654	$ (5,927)

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANT FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Investment income	-	-	4	4
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	4	4
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	535	(535)
Library	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	535	(535)
Excess (deficiency) of revenues over expenditures	-	-	(531)	(531)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(531)	(531)
Fund balances, beginning of year	1,346	1,346	1,346	-
Fund balances, end of year	$ 1,346	$ 1,346	$ 815	$ (531)

GRADY COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WOLF CREEK FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Fines, forfeitures and fees	-	-	-	-
Investment income	-	-	6	6
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	6	6
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Roads and bridges	-	-	-	-
Public health and welfare	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	6	6
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	6	6
Fund balances, beginning of year	398	398	398	-
Fund balances, end of year	$ 398	$ 398	$ 404	$ 6

See independent auditors' report.

GRADY COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2012

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Total Agency Funds
ASSETS						
Restricted assets:						
Cash and cash equivalents	$ 36,902	$ 6,915	$ 3,416,332	$ 22,801	$ 3,990	$ 3,486,940
Property tax receivable	-	-	3,581,961	-	-	3,581,961
Total assets	36,902	6,915	6,998,293	22,801	3,990	7,068,901
LIABILITIES						
Due to others	36,902	6,915	6,998,293	22,801	3,990	7,068,901
Total liabilities	$ 36,902	$ 6,915	$ 6,998,293	$ 22,801	$ 3,990	$ 7,068,901

GRADY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

CLERK OF SUPERIOR COURT	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 37,223	$ 1,368,492	$ 1,368,813	$ 36,902
Property tax receivable	-	-	-	-
Total assets	37,223	1,368,492	1,368,813	36,902
LIABILITIES				
Due to others	37,223	36,902	37,223	36,902
Total liabilities	$ 37,223	$ 36,902	$ 37,223	$ 36,902

PROBATE COURT	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 4,444	$ 111,896	$ 109,425	$ 6,915
Property tax receivable	-	-	-	-
Total assets	4,444	111,896	109,425	6,915
LIABILITIES				
Due to others	4,444	6,915	4,444	6,915
Total liabilities	$ 4,444	$ 6,915	$ 4,444	$ 6,915

TAX COMMISSIONER	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 2,309,708	$ 13,324,328	$ 12,217,704	$ 3,416,332
Property tax receivable	1,720,149	3,581,961	1,720,149	3,581,961
Total assets	4,029,857	16,906,289	13,937,853	6,998,293
LIABILITIES				
Due to others	4,029,857	6,998,293	4,029,857	6,998,293
Total liabilities	$ 4,029,857	$ 6,998,293	$ 4,029,857	$ 6,998,293

GRADY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

MAGISTRATE COURT	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 30,596	$ 292,727	$ 300,522	$ 22,801
Property tax receivable	-	-	-	-
Total assets	30,596	292,727	300,522	22,801
LIABILITIES				
Due to others	30,596	22,801	30,596	22,801
Total liabilities	$ 30,596	$ 22,801	$ 30,596	$ 22,801

SHERIFF'S DEPARTMENT	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 5,472	$ 124,138	$ 125,620	$ 3,990
Property tax receivable	-	-	-	-
Total assets	5,472	124,138	125,620	3,990
LIABILITIES				
Due to others	5,472	3,990	5,472	3,990
Total liabilities	$ 5,472	$ 3,990	$ 5,472	$ 3,990

TOTAL	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 2,387,443	$ 15,221,581	$ 14,122,084	$ 3,486,940
Property tax receivable	1,720,149	3,581,961	1,720,149	3,581,961
Total assets	4,107,592	18,803,542	15,842,233	7,068,901
LIABILITIES				
Due to others	4,107,592	7,068,901	4,107,592	7,068,901
Total liabilities	$ 4,107,592	$ 7,068,901	$ 4,107,592	$ 7,068,901

Compliance Section

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INDEPENDENT AUDITORS' 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
of Grady County, Georgia
Cairo, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grady County, Georgia, as of and for the year ended December 31, 2012, which collectively comprise Grady County, Georgia's basic financial statements and have issued our report thereon dated June 26, 2013. 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.

Internal Control Over Financial Reporting

Management of Grady County, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Grady County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grady County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grady County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 in the accompanying schedule of findings and questioned costs to be material weaknesses. (Findings 2012-1, 2012-2)

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grady 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*.

Grady County, Georgia's Response to Findings

Grady County Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Grady County Georgia's response 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.

Carr, Riggs & Ingram, L.L.C.

June 26, 2013
Tifton, Georgia

FINANCIAL STATEMENT FINDINGS AND RESPONSES

Findings noted on the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in in Accordance with Government Auditing Standards.

2012 - 1

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

Grady County, Georgia is a small local government and has a limited amount of resources and employees. Therefore, the County does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the County is a small local government, it is not financially feasible for the County to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The County's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with this finding and is continually working to improve controls to mitigate the risks associated with this condition.

2012 - 2

Criteria:

Policies, procedures, and monitoring controls for the Grady County Hospital Authority should be in place to provide for the reconciliation and recording of cash and capital asset transactions.

Condition:

The Grady County Hospital Authority's policies and procedures for recording and monitoring cash and capital assets did not prevent a misstatement.

Cause of Condition:

The Grady County Hospital Authority's monitoring controls were not implemented.

Effect of Condition:

Cash and capital assets were misstated.

Response of Management:

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over cash and capital assets.

GRADY COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX EXPENDITURES
For the Year Ended December 31, 2012

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Special Purpose Local Option Sales Tax					
County jail construction	$ 5,600,000	$ 5,489,045	$ -	$ 5,489,045	98%
Grady County Hospital	750,000	750,000	-	750,000	100%
Recreation facilities Barber Park	750,000	1,215,723	-	1,215,723	100%
Roddenberry Memorial Library	100,000	100,000	-	100,000	100%
City of Cairo	750,000	750,000	-	750,000	100%
City of Whigham	50,000	50,000	-	50,000	100%
Retirement for existing indebtedness	-	191,826	-	191,826	100%
Total expenditures	$ 8,000,000	$ 8,546,594	$ -	$ 8,546,594	
Special Purpose Local Option Sales Tax - 2002					
County roads, streets and bridges	$ 5,850,000	$ 6,329,605	$ 194,679	$ 6,524,284	100%
Grady County Volunteer Fire Department	600,000	505,000	-	505,000	84%
Recreation facilities Barber Park	360,000	288,905	-	288,905	80%
Grady County Joint IDA	600,000	666,253	-	666,253	100%
City of Cairo	4,290,000	4,512,043	-	4,512,043	100%
City of Whigham	300,000	312,286	-	312,286	100%
Total expenditures	$ 12,000,000	$ 12,614,092	$ 194,679	$ 12,808,771	
Special Purpose Local Option Sales Tax - 2007					
County roads, streets and bridges	$ 6,032,550	$ 8,743,073	$ 869,440	$ 9,612,513	100%
Grady County Volunteer Fire Department	250,000	-	-	-	0%
Hospital Authority imaging center	1,500,000	1,035,357	269,819	1,305,176	87%
Grady County Library	120,000	80,750	21,004	101,754	85%
Aquatic center recreational facility	900,000	-	-	-	0%
Grady County administrative office space	400,000	399,892	-	399,892	100%
Historical Society	200,000	136,505	35,550	172,055	86%
City of Cairo	4,272,450	2,945,201	767,447	3,712,648	87%
City of Whigham	325,000	223,258	58,164	281,422	87%
Total expenditures	$ 14,000,000	$ 13,564,036	$ 2,021,424	$ 15,585,460	

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INDEPENDENT AUDITORS' REPORT ON

STATE OF GEORGIA GRANT CERTIFICATION FORMS

To the Board of Commissioners
of Grady County, Georgia
Cairo, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Grady County Georgia's compliance during the year ended December 31, 2012, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for the following grant awards:

Grant Title	Grant Identification Number	Grant Award
Governor's Emergency Fund Grant	GEF-02-E03-75	$15,000
Governor's Discretionary Fund	341090050	$ 5,000
Local Assistance Grant	02-C-L-262	$ 5,000
Local Assistance Grant	02-C-L-891	$25,000
Governor's Emergency Fund Grant	GEF-97-E013-150	$10,000

Management is responsible for Grady County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Grady County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Grady County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Grady County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Grady County, Georgia complied with the requirements referred to above for the year ended December 31, 2012 is fairly stated in all material respects.

Carr, Riggs & Ingram, L.L.C.

June 26, 2012

Tifton, Georgia

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government ……..	Grady County, Georgia
B	State Awarding Agency ……	Georgia Department of Community Affairs
C	Grant Identification Number ……	GEF-02-E03-75
D	Grant Title ……	Governor's Emergency Fund Grant
E	Grant Award Date …….……	11/06/01
F	Grant Amount ……..……	$15,000

		COLUMN 1 **Current Year Activity** For the Year Ended: 12/31/12		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: 12/31/12
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$2,460		
I	Grant Receipts or Revenue Recognized	$0		$15,000
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0		$12,540
K	Disbursements or Expenditures for Audit Fees	$0		$0
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$2,460		$2,460

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government ……..	Grady County, Georgia
B	State Awarding Agency ……	Governor's Discretionary Fund
C	Grant Identification Number ……	341090050
D	Grant Title ……	Governor's Discretionary Fund
E	Grant Award Date ……..……	October 21,1999
F	Grant Amount ……..……	$5,000

		COLUMN 1 **Current Year Activity** For the Year Ended: 12/31/12	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: 12/31/12
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$1,735	
I	Grant Receipts or Revenue Recognized	$0	$5,000
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0	$3,265
K	Disbursements or Expenditures for Audit Fees	$0	$0
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$1,735	$1,735

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government ……..	Grady County, Georgia
B	State Awarding Agency ……	Georgia Department of Community Affairs
C	Grant Identification Number ……	02-C-L-262
D	Grant Title ……	Local Assistance Grant
E	Grant Award Date ……..……..	07/02/01
F	Grant Amount ……..……	$5,000

		COLUMN 1 **Current Year Activity** For the Year Ended: 12/31/12	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: 12/31/12
G			
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$3,875	
I	Grant Receipts or Revenue Recognized	$0	$5,000
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0	$1,125
K	Disbursements or Expenditures for Audit Fees	$0	$0
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$3,875	$3,875

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government ……..	Grady County, Georgia
B	State Awarding Agency ……	Georgia Department of Community Affairs
C	Grant Identification Number ……	02-C-L-891
D	Grant Title ……	Local Assistance Grant
E	Grant Award Date ……..……..	07/02/01
F	Grant Amount ……..……	$25,000

		COLUMN 1 **Current Year Activity** For the Year Ended: 12/31/12	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: 12/31/12
G			
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$9,079	
I	Grant Receipts or Revenue Recognized	$0	$25,000
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0	$15,921
K	Disbursements or Expenditures for Audit Fees	$0	$0
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$9,079	$9,079

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government ……..	Grady County, Georgia
B	State Awarding Agency ……	Georgia Department of Community Affairs
C	Grant Identification Number ……	GEF-97-E013-150
D	Grant Title ……	Governor's Emergency Fund Grant
E	Grant Award Date …….……	06/23/97
F	Grant Amount ……..……	$10,000

		COLUMN 1 **Current Year Activity** For the Year Ended: 12/31/12		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: 12/31/12
G				
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$48		
I	Grant Receipts or Revenue Recognized	$0		$10,000
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0		$9,952
K	Disbursements or Expenditures for Audit Fees	$0		$0
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$48		$48

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date_____

Signature of Chief Financial Officer_____ Date_____

CRI CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT ON ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES

To the Board of Commissioners
of Grady County, Georgia
Cairo, Georgia

We have examined management's assertion included in the accompanying Annual Report of 911 Collections and Expenditures about Grady County, Georgia's compliance during the fiscal year ended December 31, 2012 with the requirement to expend 911 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Grady County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Grady County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Grady County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Grady County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Grady County, Georgia complied with the aforementioned requirement during the fiscal year ended December 31, 2012 is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Carr, Riggs & Ingram, L.L.C.

June 26, 2012

Tifton, Georgia

GRADY COUNTY, GEORGIA
ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES
For the Year Ended December 31, 2012

Line No.		O.C.G.A. Reference:		
1				
	__X__ Special Revenue Fund _____ Enterprise Fund			
2	Monthly 9-1-1 charge billed to each exchange access facility subscriber:	46-5-134(a)(1)	$ 1.50	
3	Total revenue from exchange access facility subscribers:			$ 132,048
4	Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)			
	__X__ Yes _____ No			
5	If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)			
	__X__ System provides location of base station or cell site	46-5-134(a)(2)(A)		
	_____ System provides automatic location identification	46-5-134(a)(2)(B)		
6	If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:	46-5-134(a)(2)	$ 1.50	
7	Total revenue from wireless telecommunications connection subscribers:			$ 220,744
8	Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)			$ 352,792
9	Additional revenue sources:			
9a	Federal (UCOA Revenue Source 33.1000) Identify each funding agency individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9b	State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9c	Local (UCOA Revenue Source 33.6000) Identify each unit of local government individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -
9d	Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary.	46-5-134(j)		
	_____			$ -
	_____			$ -

GRADY COUNTY, GEORGIA

ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES

For the Year Ended December 31, 2012

10	Investment Income (UCOA Revenue Source 36.1000 through 36.3000)		$ 107
11	Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 25 and not included here.		
	_____		$ -
	_____		$ -
	_____		$ -
	_____		$ -
	_____		$ -
	_____		$ -
	_____		$ -
	_____		$ -
12	Total Revenues (total of all amounts reported on Lines 8 through 11)		$ 352,899
	Expenditures (UCOA Activity 3800)		
13	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ -
	_____		$ -
	_____		$ -
14	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
14a	Lease costs	46-5-134(f)(1)	$ -
14b	Purchase costs	46-5-134(f)(1)	$ -
14c	Maintenance costs	46-5-134(f)(1)	$ -
15	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(2)	$ -
16	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system: Number of employees classified as: Full time N/A Part time N/A		
16a	Salaries and wages	46-5-134(f)(3)	$ -
16b	Employee benefits	46-5-134(f)(3)	$ -

GRADY COUNTY, GEORGIA

ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES

For the Year Ended December 31, 2012

17	Cost of training of employees who work as dispatchers	46-5-134(f)(3)	$ -
18	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(4)	$ -
19a	Building used as a public safety answering point:		
19a1	Lease costs	46-5-134(f)(5)	$ -
19a2	Purchase costs	46-5-134(f)(5)	$ -
19b	Has the local government completed its street addressing plan? (choose one)	46-5-134(f)(5)	$ -
	__X__ Yes _____ No		
20	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems:		
20a	Lease costs	46-5-134(f)(6)	$ -
20b	Purchase costs	46-5-134(f)(6)	$ -
20c	Maintenance costs	46-5-134(f)(6)	$ -
21	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(7)	$ -
22	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
22a	Lease costs	46-5-134(f)(8)	$ -
22b	Purchase costs	46-5-134(f)(8)	$ -
22c	Maintenance costs	46-5-134(f)(8)	$ -
23	Other expenditures not included in Lines 13 through 22 above. Identify by object and purpose. Transfers to other funds of the local government should be reported on Line 26 and not included here.		
	Reimbursement to Decatur County, Georgia for operating costs incurred for joint 911 system.		$ 419,228
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
24	Total Expenditures (total of all amounts reported on Lines 13 through 23 above)		$ 419,228

GRADY COUNTY, GEORGIA

ANNUAL REPORT OF 911 COLLECTIONS AND EXPENDITURES

For the Year Ended December 31, 2012

25	Transfers From Other Funds (identify by fund)	
	Transfer from General Fund	$ 75,000
		$ -
26	Transfers To Other Funds (identify by fund)	
		$ -
		$ -
27	Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)	
		$ -
		$ -
28	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)	$ 8,671
29	Fund Balance - Beginning of Year	$ 44,458
30	Fund Balance - End of Year	$ 53,129

31a Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?

__X__ Yes _____ No

31b If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official _____ Date_____

Print Name of Chief Elected Official _____

Title of Chief Elected Official _____

Signature of Chief Financial Officer_____ Date_____

Print Name of Chief Financial Officer _____