Grady County, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2016



Grady County, Georgia
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December 31, 2016

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Grady County, Georgia
Principal Officials
December 31, 2016

ELECTED

LaFaye Copeland, Chairman

Charlie Norton, Vice Chairperson

Ray Prince, County Commissioner

Elwyn Childs, County Commissioner

T.D. David, County Commissioner

Staff

Carlos Tobar, County Administrator

Donna Johnson, Accounting Manager

Carrie K. Kines, County Clerk

CRI CARR RIGGS & INGRAM
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 units, each major fund, and the aggregate remaining fund information of Grady County, Georgia, as of and for the year ended December 31, 2016, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grady County Health Department, which represent 35%, 0%, and 98%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grady County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, based on our audit and the report of other auditors, 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, 2016, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12, the schedule of changes in net pension liability and related ratios on page 64, the schedule of employer contributions – pension plan on page 65, and the schedule of proportionate share of net pension liabilities on page 66 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 required supplementary 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grady County, Georgia's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grady County, Georgia's internal control over financial reporting and compliance.

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

November 20, 2017
Tifton, Georgia

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, 2016. 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 $73.95 million in total assets of which $60.44 million are capital assets.
- The County has $26.4 million in total liabilities of which $25.06 are long term.
- The assets of the County exceeded its liabilities as of December 31, 2016 by $48.03 million.
- The County's total net position decreased by $.3 million.
- As of December 31, 2016, the County's governmental funds reported combined ending fund balances of $11.74 million, a decrease of $7.48 million in comparison to the prior year. Approximately 53% of the combined fund balances, $8.95 million is considered unassigned and is available for spending at the County's discretion. All required USACE mitigation credits were purchased. The recreational fishing lake is filling per the Department of Natural Resources Environmental Protection Division Safe Dams Program guidelines. It is expected to open to the public in 2018.
- As of December 31, 2016 the unassigned fund balance of the general fund was $8.95 million, which was a decrease of $1.22 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, 2016 and 2015.

Table 2
Condensed Statement of Net Position

	Total Primary Government	
	2016	2015
Assets		
Current and other assets	$ 13,505,911	$ 21,130,585
Capital assets	60,442,783	53,735,144
Total assets	73,948,694	74,883,729
Deferred outflows of resources	501,709	324,122
Liabilities		
Other liabilities	1,340,328	1,320,115
Long-term liabilities	25,062,803	25,514,413
Total liabilities	26,403,131	26,834,528
Deferred inflows of resources	21,191	25,798
Net Position		
Invested in capital assets, net of related debt	36,942,391	29,462,913
Restricted	2,722,069	2,726,433
Unrestricted	8,361,621	16,158,179
Total net position	$ 48,026,081	$ 48,347,525

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, 2016 and 2015. 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

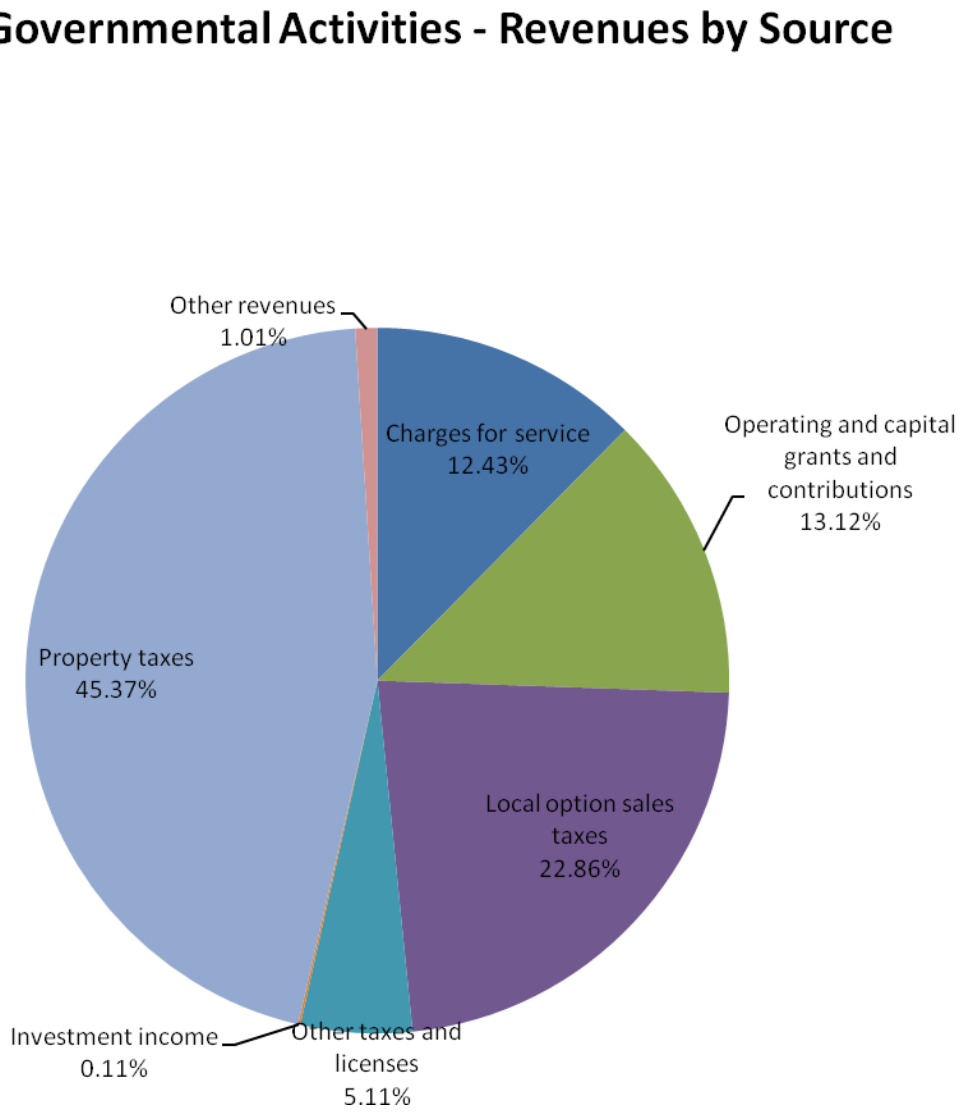
	Total Primary Government	
	2016	2015
Revenues		
Program revenues:		
Charges for services	$ 2,110,288	$ 2,093,626
Operating grants and contributions	2,112,807	69,102
Capital grants and contributions	114,759	115,581
General revenues:		
Property taxes	7,704,160	7,058,681
Local option sales taxes	3,881,881	4,043,011
Other taxes and licenses	868,506	809,747
Investment income	18,421	55,389
Gain (loss) on sale of capital assets	13,212	1,791
Other revenues	157,610	142,023
Total revenues	16,981,644	14,388,951
Expenses		
General government	5,185,878	4,978,190
Public safety	4,589,627	4,568,228
Court system	979,174	896,985
Public works	3,528,048	3,810,169
Public health and welfare	177,023	172,554
Public Education	36,151	34,826
Recreation	866,942	808,765
Library	92,520	100,000
Housing and Development	3,036	2,450
Code Enforcement	264	
Economic Development	74,812	76,548
Intergovernmental	878,615	918,544
Interest on long-term debt	890,998	1,035,730
Total expenses	17,303,088	17,402,989
Increase (decrease) in net assets before transfers	(321,444)	(3,014,038)
Transfers	- -	- -
Change in net position	$ (321,444)	$ (3,014,038)

During the year ended December 31, 2016, the net position of the County decreased $0.32 million. Total revenues for 2016 increased $2.60 million compared to 2015 due primarily to a delay in receipt of $2.1 million in state and federal road grants. Expenses decreased by $0.10 million. The county continued building and repairing roads in 2016 thanks in large part to the competitive state and federal grants awarded to Grady County Principal and interest expenses for both the 2010 and 2015 series bonds continued. Health care costs were $0.50 million more in 2016 because of three catastrophic illnesses. Depreciation expense of $2.2 million was allocated to the various functions of governmental activities.

Program Expenses and Revenues for Governmental Activities

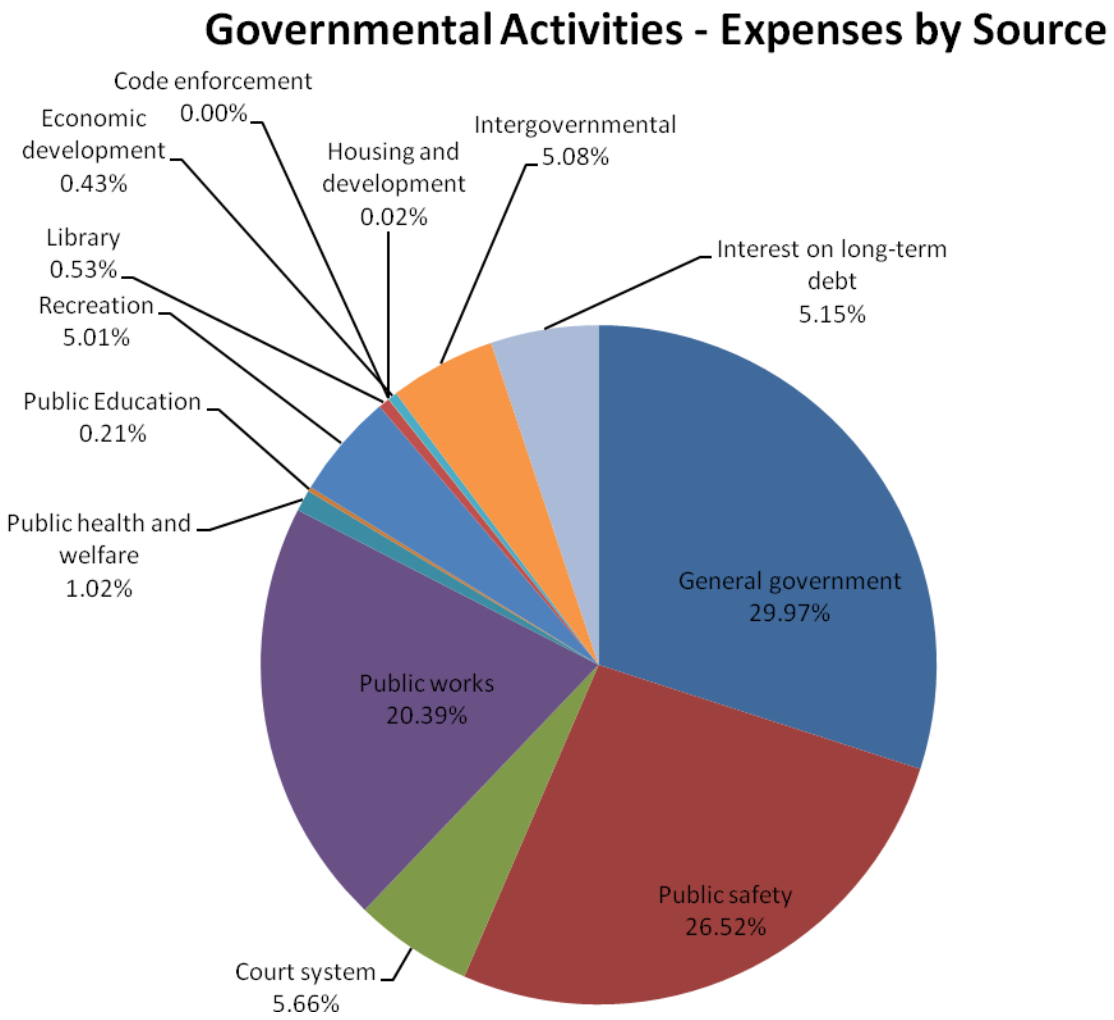
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source. Approximately 12.43% of the County's revenues were derived from charges for services, 13.12% from grants and contributions, and approximately 22.86% came from sales taxes. The largest portion of the County's revenue, 45.37%, came from property taxes. The revenue for grants and contributions is the highest amount ever for the county.



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 general government at 29.97%. The next largest expenditures were for public safety at 26.52% and public works at 20.39%.



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, 2016, the County's governmental funds reported a combined ending fund balance of $11.74 million. Of that amount $8.95 million was unassigned, $.06 million was nonspendable, $1.80 million was restricted for specific purposes, and $0.92 million was restricted for public services.

The general fund is the operating fund of the County. As of December 31, 2016, total fund balance of the general fund was $9.01 million. The net change in the general fund's total fund balance for the year ended December 31, 2016 was a decrease of $1.22 million or 11.93%.

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 2016 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 the final budgeted amounts by $198 thousand for the year ended December 31, 2016. Total general fund revenues for 2016 increased by $1.06 million compared to 2015.

The actual expenditures of the general fund were more than the final budgeted amounts by $103 thousand for the year ended December 31, 2016. Expenses increased by $1.74 million compared to 2015. Primarily three main expenditures led to the increase. The county continued to build and repair roads. Road Department expenditures increased by $0.19 million. Health care costs increased by $0.50 million because of three catastrophic illnesses. The Tired Creek Lake Department's expenditures, which included operating and capital expenses, increased by $0.78 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2016, the County had capital assets of $60.44 million invested in land, site improvements, construction in progress, buildings and building improvements, equipment, and infrastructure assets. This includes the value of the recreational fishing lake built at Tired Creek. Also, the county's financial health should take into account the state of the county's various facilities.

Since 2013 the county has remodeled, upgraded or updated 14 different facilities/office spaces:

Agricultural Building-USDA and FSA office space	Probate Judge flooring
Barber Park Softball Complex Lights	Recreation Department office space
EMS Building	Registrars Building-repurposed duplex
Family Learning Center	Shop/Road Departments office space
Historical Society roof	Superior Court office space
Livestock Pavilion exterior paint	Tax Commissioner/Tax Assessor Building
Mental Health Building	Volunteer Fire Department Training Facility-repurposed old jail

Refer to Note 7 of the Notes to Financial Statements for additional information on capital assets.

Long-term Debt

At December 31, 2016, The County reported long term debt of $25.06 million. Outstanding principal balance on 2010 Series revenue bonds is $13,510,000. Outstanding principal balance on the 2015 Series revenue bonds is $8,795,000. Refer to Note 8 of the Notes to Financial Statements for additional information on long-term debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT TEAM

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 Board of Commissioners
250 North Broad Street
Cairo, Georgia 39828
Telephone: (229) 377-1512

Grady County, Georgia
Statement of Net Position
For the Year Ended December 31, 2016

	Primary Government		Component Units	
	Governmental Activities	Total	Hospital Authority	Health Department
Assets				
Cash and cash equivalents	$ 7,980,626	$ 7,980,626	$ 83,712	$ 334,545
Accounts receivable, net	101,968	101,968	-	-
Taxes receivable, net	1,106,358	1,106,358	-	-
Prepaid items	67,527	67,527	-	-
Due from other governments	349,472	349,472	-	88,945
Internal balances	-	-	-	-
Restricted assets:				
Cash and cash equivalents	3,295,839	3,295,839	-	-
Sales tax receivable	604,121	604,121	-	-
Capital assets:				
Land	5,546,090	5,546,090	58,592	-
Construction in progress	29,932,078	29,932,078	-	-
Other capital assets, net of accumulated depreciation	24,964,615	24,964,615	635,549	-
Total assets	73,948,694	73,948,694	777,853	423,490
Deferred Outflows of Resources				
Deferred pension cost	501,709	501,709	-	105,534
Deferred charge on refunding	-	-	-	-
Total deferred outflows of resources	501,709	501,709	-	105,534
Liabilities				
Accounts payable	$ 112,993	$ 112,993	$ -	$ 59,002
Accrued expenses	1,227,335	1,227,335	-	3,609
Long-term liabilities				
Net pension liability	1,428,140	1,428,140	-	766,565
Due within one year	750,000	750,000	-	-
Due in more than one year	22,750,392	22,750,392	-	-
Compensated absences	134,271	134,271	-	32,478
Total liabilities	26,403,131	26,403,131	-	861,654
Deferred Inflows of Resources				
Pensions	21,191	21,191	-	65,533
Total deferred inflows of resources	21,191	21,191	-	65,533
Net Position				
Net investment in capital assets	36,942,391	36,942,391	694,141	-
Restricted for:				
Capital projects	1,798,170	1,798,170	-	-
Public services	923,899	923,899	-	299,522
Unrestricted	8,361,621	8,361,621	83,712	(697,685)
Total net position	$ 48,026,081	$ 48,026,081	$ 777,853	$ (398,163)

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Activities
For the Year Ended December 31, 2016

	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	$ 5,167,308	$ 478,519	$ 2,112,807	$ 114,759	$ (2,461,223)
Public safety	4,589,627	1,147,535	-	-	(3,442,092)
Court system	979,174	428,002	-	-	(551,172)
Public works	3,512,926	-	-	-	(3,512,926)
Public health and welfare	177,023	56,232	-	-	(120,791)
Public education	36,151	-	-	-	(36,151)
Recreation	900,634	-	-	-	(900,634)
Library	92,520	-	-	-	(92,520)
Housing and development	3,036	-	-	-	(3,036)
Code enforcement	264	-	-	-	(264)
Economic development	74,812	-	-	-	(74,812)
Intergovernmental	878,615	-	-	-	(878,615)
Interest on long-term debt	890,998	-	-	-	(890,998)
Total governmental activities	17,303,088	2,110,288	2,112,807	114,759	(12,965,234)
Total primary government	17,303,088	2,110,288	2,112,807	114,759	(12,965,234)
Component Units:					
Grady County Hospital Authority	99,900	17,680	-	-	(82,220)
Grady County Health Department	905,352	412,709	480,717	-	(11,926)
Total component units	$ 1,005,252	$ 430,389	$ 480,717	$ -	$ (94,146)

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Activities
For the Year Ended December 31, 2016

	Primary Government		Component Units	
	Governmental Activities	Total	Hospital Authority	Health Department
Change in net position:				
Net (expense) revenue	$ (12,965,234)	$ (12,965,234)	$ (82,220)	$ (11,926)
General revenues:		-		
Taxes:		-		
Property taxes	7,704,160	7,704,160	-	-
Sales taxes	3,881,881	3,881,881	-	-
Business taxes	868,506	868,506	-	-
Other taxes	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-
Investment income	18,421	18,421	175	-
Gain on sale of capital assets	13,212	13,212	-	-
Other revenues	157,610	157,610	-	-
Transfers	-	-	-	-
Total general revenues and transfers	12,643,790	12,643,790	175	-
Change in net position	(321,444)	(321,444)	(82,045)	(11,926)
Net position, beginning of year (restated)	48,347,525	48,347,525	859,898	(386,237)
Net position, end of year	$ 48,026,081	$ 48,026,081	$ 777,853	$ (398,163)

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Tired Creek Capital Projects Fund
Assets		
Cash and cash equivalents	$ 6,928,029	$ -
Accounts receivable, net	58,361	-
Taxes receivable, net	1,106,358	-
Prepaid items	67,527	-
Due from other governments	349,472	-
Due from other funds	200,000	-
Restricted assets:		
Cash and cash equivalents	1,275,411	-
Sales tax receivable	225,880	-
Total assets	10,211,038	-
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 140,673	$ -
Accrued expenses	166,689	-
Due to other funds	400,000	-
Total liabilities	707,362	-
Deferred Inflows of Resources		
Unavailable revenue	487,483	-
Nonspendable prepaid items	67,527	-
Fund balances restricted for:		
Public services	-	-
Specific purposes	-	-
Unassigned, reported in:		
General fund	8,948,666	-
Total fund balances	9,016,193	-
Total liabilities, deferred inflows of resources and fund balances	$ 10,211,038	$ -

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Balance Sheet
Governmental Funds
December 31, 2016

	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ 2,170,998	$ 9,099,027
Accounts receivable, net	-	43,607	101,968
Taxes receivable, net	378,241	-	1,484,599
Prepaid items	-	-	67,527
Due from other governments	-	-	349,472
Due from other funds	-	-	200,000
Restricted assets:			
Cash and cash equivalents	539,036	15	1,814,462
Sales tax receivable	-	-	225,880
Total assets	917,277	2,214,620	13,342,935
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ -	$ (27,680)	$ 112,993
Accrued expenses	237,508		404,197
Due to other funds	-	200,000	600,000
Total liabilities	237,508	172,320	1,117,190
Deferred Inflows of Resources			
Unavailable revenue	-	-	487,483
Nonspendable prepaid items	-	-	67,527
Fund balances restricted for:			
Public services	-	923,899	923,899
Specific purposes	679,769	1,118,401	1,798,170
Unassigned, reported in:			
General fund	-	-	8,948,666
Total fund balances	679,769	2,042,300	11,738,262
Total liabilities, deferred inflows of resources and fund balances	$ 917,277	$ 2,214,620	$ 13,342,935

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2016

Total governmental fund balances	$	11,738,262
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		60,442,783
Certain property tax revenues are not available to pay for current-period expenditures and therefore are deferred in the funds.		487,483
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		(1,428,140)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.		
Deferred outflows		501,709
Deferred inflows		(21,191)
An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net position.		37,608
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest		(97,770)
Bonds payable (net of unamortized premiums)		(23,500,392)
Compensated absences		(134,271)
Net position of governmental activities	$	48,026,081

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Tired Creek Capital Projects Fund
Revenues		
Property taxes	$ 7,872,128	$ -
Sales taxes	1,392,727	-
Selective sales and use taxes	156,401	-
Business taxes	868,506	-
Licenses and permits	106,545	-
Intergovernmental	239,759	251,472
Charges for services	1,206,653	-
Fines and forfeitures	415,903	-
Interest income	11,188	4,278
Other revenues	163,867	-
Total revenues	12,433,677	255,750
Expenditures		
Current:		
General government	4,921,108	-
Court system	928,295	-
Public safety	3,625,028	-
Public works	1,977,192	-
Health and welfare	174,441	-
Public education	-	-
Housing and development	3,036	-
Recreation	360,760	100,036
Parks	378,719	-
Library	92,520	-
Economic development	68,847	-
Intergovernmental	-	-
Capital projects	860,074	6,079,861
Debt service, principal	-	-
Debt service, interest	58,908	-
Total expenditures	13,448,928	6,179,897
Excess (Deficiency) of Revenues Over Expenditures	(1,015,251)	(5,924,147)
Other Financing Sources (Uses)		
Transfers	(216,631)	-
Sale of capital assets	13,212	-
Premiums on bonds issued	-	-
Long - term debt issued	-	-
Total other financing sources (uses)	(203,419)	-
Net change in fund balances	(1,218,670)	(5,924,147)
Fund balances, beginning of year	10,234,863	5,924,147
Fund balances, end of year	$ 9,016,193	$ -

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
For the Year Ended December 31, 2016

	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ 7,872,128
Sales taxes	2,332,753	-	3,725,480
Selective sales and use taxes	-	-	156,401
Business taxes	-	-	868,506
Licenses and permits	-		106,545
Intergovernmental	-	1,730,078	2,221,309
Charges for services	-	413,248	1,619,901
Fines and forfeitures	-	13,463	429,366
Interest income	337	2,605	18,408
Other revenues	-	-	163,867
Total revenues	2,333,090	2,159,394	17,181,911
Expenditures			
Current:			
General government	-	-	4,921,108
Court system	-	33,919	962,214
Public safety	-	570,503	4,195,531
Public works	-	887	1,978,079
Health and welfare	-	-	174,441
Public education	-	36,151	36,151
Housing and development	-	-	3,036
Recreation	-	-	460,796
Parks	-		378,719
Library	-	-	92,520
Economic development	-	-	68,847
Intergovernmental	878,615	2,103	880,718
Capital projects	-	1,899,110	8,839,045
Debt service, principal	134,104	-	134,104
Debt service, interest	1,487,825	-	1,546,733
Total expenditures	2,500,544	2,542,673	24,672,042
Excess (Deficiency) of Revenues Over Expenditures	(167,454)	(383,279)	(7,490,131)
Other Financing Sources (Uses)			
Transfers	-	216,631	-
Sale of capital assets	-	-	13,212
Premiums on bonds issued	-	-	-
Long - term debt issued	-	-	-
Total other financing sources (uses)	-	216,631	13,212
Net change in fund balances	(167,454)	(166,648)	(7,476,919)
Fund balances, beginning of year	847,223	2,208,948	19,215,181
Fund balances, end of year	$ 679,769	$ 2,042,300	$ 11,738,262

The accompanying footnotes are an integral part of these 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, 2016

Net change in fund balances - total governmental funds	$ (7,476,919)
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	8,894,752
Depreciation expense	(2,205,113)
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 assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt payments made	730,000
Amortization of bond premiums	59,839
Tax revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	
Unavailable revenues - property taxes	(167,968)
An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The net revenues (expenses) the internal service fund is reported with governmental activities in the statement of net position.	-
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.	
Change in pension liability	(134,421)
Compensated absences	(21,614)
Change in net position of governmental activities	$ (321,444)

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Revenues, Expenditure and Changes in Fund Balances
Budget and Actual – General Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 7,516,525	$ 7,610,766	$ 7,872,128	$ 261,362
Sales taxes	1,500,000	1,408,000	1,392,727	(15,273)
Selective sales and use taxes	85,000	156,410	156,401	(9)
Business taxes	730,000	865,550	868,506	2,956
Licenses and permits	82,500	106,423	106,545	122
Intergovernmental	245,000	240,000	239,759	(241)
Charges for services	1,037,520	1,198,166	1,206,653	8,487
Fines and forfeitures	531,000	415,435	415,903	468
Interest income	10,000	11,200	11,188	(12)
Other revenues	148,740	223,230	163,867	(59,363)
Total revenues	11,886,285	12,235,180	12,433,677	198,497
Expenditures				
General government				
County commissioners	416,954	419,585	419,585	-
Registrar	99,211	87,098	87,152	(54)
Tax assessor	281,369	267,377	265,652	1,725
Tax commissioner	252,546	254,981	254,981	-
Buildings and grounds	386,656	407,782	405,997	1,785
County agent	122,005	115,884	115,587	297
Code enforcement	-	264	264	-
Building inspection	224,456	217,910	217,910	-
General administration	1,997,766	3,059,418	3,153,980	(94,562)
Total general government	3,780,963	4,830,299	4,921,108	(90,809)
Court system				
Superior court	205,106	238,827	262,665	(23,838)
Clerk of superior court	258,529	240,619	240,619	-
State court	95,045	92,151	92,113	38
District attorney	35,316	35,316	35,316	-
Juvenile court	40,238	27,237	27,237	-
Probate court	137,787	136,620	136,620	-
Magistrate court	151,269	134,305	133,725	580
Total court system	923,290	905,075	928,295	(23,220)
Public safety				
Sheriff	1,222,768	1,252,447	1,248,134	4,313
Jail	1,313,910	1,250,644	1,247,723	2,921
Fire fighting	172,888	152,833	152,833	-
Ambulance services	888,019	845,662	845,306	356
Emergency management	13,610	6,658	6,658	-
Coroner	29,500	32,405	32,405	-
Animal control	110,431	91,970	91,969	1
Total public safety	3,751,126	3,632,619	3,625,028	7,591

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Revenues, Expenditure and Changes in Fund Balances
Budget and Actual – General Fund
December 31, 2016

	Final Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Public works				
Roads and bridges	1,168,855	1,266,252	1,266,252	-
Road contracts	-	-	-	-
Solid waste	471,594	489,789	489,789	-
Shop	218,724	221,187	221,151	36
Total public works	1,859,173	1,977,228	1,977,192	36
Public health and welfare				
Health	145,749	152,559	152,559	-
Welfare	40,500	21,882	21,882	-
Total health and welfare	186,249	174,441	174,441	-
Housing and development	4,890	3,036	3,036	-
Recreation	377,991	360,760	360,760	-
Parks	109,273	378,719	378,719	
Library	100,000	92,520	92,520	-
Economic development	76,915	68,847	68,847	-
Capital projects	689,812	862,772	860,074	2,698
Debt service:				
Principal	-	-	-	-
Interest	100,000	58,908	58,908	-
Total expenditures	11,959,682	13,345,224	13,448,928	(103,704)
Excess (Deficiency) of Revenues Over Expenditures	(73,397)	(1,110,044)	(1,015,251)	94,793
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(177,866)	(216,631)	(216,631)	-
Sale of capital assets	30,000	13,250	13,212	(38)
Capital leases	-	-	-	-
Long - term debt issued	-	-	-	-
Total other financing sources (uses)	(147,866)	(203,381)	(203,419)	(38)
Net change in fund balances	(221,263)	(1,313,425)	(1,218,670)	94,755
Fund balances, beginning of year	10,234,863	10,234,863	10,234,863	-
Fund balances, end of year	$ 10,013,600	$ 8,921,438	$ 9,016,193	$ 94,755

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Net Position
Internal Service Fund
December 31, 2016

		Internal Service Fund
Assets		
Cash and cash equivalents	$	362,976
Due from other funds		400,000
Total assets	$	762,976
Liabilities		
Accrued expenses	$	725,368
Total liabilities	$	725,368
Net Position		
Restricted	$	37,608

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Year Ended December 31, 2016

	Internal Service Fund
Operating Revenues	
Employee contributions	$ 26,031
Employer contributions	2,250,394
Reinsurance payments	1,090,169
Total operating revenues	3,366,594
Operating Expenses	
Claims expenses	3,366,654
Administrative expenses	57
Total operating expenses	3,366,711
Non-operating Revenues (Expenses)	
Interest income	117
Change in net position	-
Net position, beginning of year	37,608
Net position, end of year	$ 37,608

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2016

		Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers and users	$	3,366,594
Claims and premiums paid		(3,014,385)
Net cash provided (used) by operating activities		352,209
Cash Flows from Noncapital Financing Activities		
Net change in due from other funds		(26,958)
Net cash provided (used) by noncapital financing activities		(26,958)
Cash Flows from Investing Activities		
Interest received		117
Net cash provided (used) by investing activities		117
Net increase in cash and cash equivalents		325,368
Cash and cash equivalents, beginning of year		37,608
Cash and cash equivalents, end of year	$	362,976
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	(117)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in:		
Accrued expenses		352,326
Net cash provided by operating activities	$	352,209

The accompanying footnotes are an integral part of these financial statements.

Grady County, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

		Total Agency Funds
Assets		
Cash and cash equivalents	$	3,135,259
Property tax receivable		2,460,160
Total assets		5,595,419
Liabilities		
Due to others	$	136,570
Due to state		-
Uncollected taxes		5,458,849
Total liabilities		5,595,419
Net Position	$	-

The accompanying footnotes are an integral part of these financial statements.

NOTE 1 - 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.

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. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. Based upon the application of these criteria, the following is a brief review of each component unit included in the County's reporting unit.

Blended Component Units

The *Grady County Lake Authority* is a blended component unit. The data from this unit is combined with the data of the primary government and reported as the Tired Creek Capital Projects Fund. Separate financial statements are not issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Units

*T*he *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, 2015. Separate audited financial statements may be obtained from:

Grady County Health Department
250 North Broad Street
Cairo, Georgia

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.

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.

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. As of December 31, 2015, the County does not maintain any proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2012 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 2012 Capital Projects Fund is used to account for the collection and disbursement of the 1% Special Purpose Local Option Sales Tax (SPLOST).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the South Georgia Governmental Services Authority Revenue Bonds and the Grady County Lake 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

Capital Projects Funds are 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.

Internal Service Funds are used to report an activity that provides services or goods to other funds on a cost-reimbursement basis.

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. 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.
>
> Private Purpose Trust Funds are used to account for trust income and expenses that benefit individuals, private organizations, or other governments.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future periods and thus, will not be recognized as an outflow of resources (expense) until then. The County has one tem that qualifies for reporting in this category which consists of outflows from changes in the net pension liability.

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 governmental funds and government-wide statement of net position report unavailable revenues from property taxes, grants and fees. The government-wide statement of net position also reports deferred inflows of resources consisting of inflows from changes in the net pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pension Plan

The County's defined benefit pension plan is accounted for under *GASB Statement No. 68 Accounting and Financial Reporting of Pensions* – an amendment to *GASB Statement No. 27* which requires the recognition of the entire net pension liability along with specific note disclosures and required supplementary information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expenditures.

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 which are imposed by a formal action of the County Commission through adoption of a resolution. Only the County Commission may modify or rescind the commitment;
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, 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.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

Effective January 1, 2016, the County adopted three new statements issued by GASB as follows:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"), replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB (Other Postemployment Benefits) Measurement by Agent Employers and Agent Multiple-Employer Plans*. This Statement revises the requirements for defined contribution OPEB plans as previously required in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB 74 also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. There was no impact on the County's financial statements as a result of the implementation of GASB 72.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by the government, other than to abate taxes, that are part of the tax abatement agreement. The County has included the disclosures required by GASB 77 in the 2016 financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. There was no impact on the County's financial statements as a result of the implementation of GASB 78.

Accounting Standards Issued But Not Yet Effective

Other recently issued standards the County is reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended,* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB No. 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. The County has not completed the process of evaluating the impact of GASB 75 on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14* ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016. The County has not completed the process of evaluating the impact of GASB 80 on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The County has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal years beginning after June 15, 2016. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement. The County has not completed the process of evaluating the impact of GASB 82 on its financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83"), addresses accounting and financial reporting for certain asset retirement obligations. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The County has not completed the process of evaluating the impact of GASB 83 on its financial statements.

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The County has not completed the process of evaluating the impact of GASB 84 on its financial statements.

GASB Statement No. 85, *Omnibus 2017* ("GASB 85"), addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. The County has not completed the process of evaluating the impact of GASB 85 on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), establishes criteria to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. The County has not completed the process of evaluating the impact of GASB 86 on its financial statements.

GASB Statement No. 87, *Leases* ("GASB 87"), establishes criteria to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The County has not completed the process of evaluating the impact of GASB 87 on its financial statements.

Subsequent Events

Subsequent events were evaluated through November 20, 2017 which is the date the financial statements were available to be issued.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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 July 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 September 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.

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 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures Over Appropriations in the General Fund

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended December 31, 2016:

Department	Excess of Expenditures Over Budgeted Amounts
Registrar	$ 54
General administration	$ 94,562
Superior Court	$ 23,838

Excess of Expenditures Over Appropriations in Individual Funds

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended December 31, 2016:

Fund	Excess of Expenditures Over Budgeted Amounts
General Fund	$ 103,704
Law Library Fund	$ 4,604

NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2016 are summarized as follows:

Primary Government		
Amounts as presented on the entity-wide Statement of Net Position:		
Cash and cash equivalents	$	7,980,626
Restricted cash and cash equivalents		3,295,839
Amounts as presented on the Statement of Fiduciary Assets and Liabilities:		
Cash and cash equivalents		3,135,259
Total	$	14,411,724
Deposits with financial institutions	$	14,411,724
Component Unit - Hospital Authority		
Cash and cash equivalents	$	83,712
Deposits with financial institutions	$	83,712
Component Unit - Health Department		
Cash and cash equivalents	$	334,545
Deposits with financial institutions	$	334,545

The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depositor insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2016, the bank balance was $14,635,619. Of the bank balance, $14,635,619 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

NOTE 4 – RECEIVABLES AND TAX REVENUE

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 2016 fiscal year tax levy, was mailed in October 2016. 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.

Receivables

Receivables as of December 31, 2016 for the County's individual major funds, nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	SPLOST 2012 Capital Projects Fund	Nonmajor Governmental Funds	Total
Property tax receivable	$ 1,106,358	$ -	$ -	$ 1,106,358
Sales tax receivable	225,880	378,241	-	604,121
Accounts receivable	58,361	-	43,607	101,968
Gross receivables	1,390,599	378,241	43,607	1,812,447
Less:				
Allowance for uncollectibles	-	-	-	-
Net total receivables	$ 1,390,599	$ 378,241	$ 43,607	$ 1,812,447

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of December 31, 2016 consisted of a note receivable from the Grady County Joint Development Authority. The note receivable bears an interest rate of 1%. Principal and interest is due on August 1, 2017.

Due From		2016
Grady County Joint Development Authority	$	349,472
Total due from other governments		349,472

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Generally, outstanding balances between funds include outstanding charges by one fund to another for services or goods and other miscellaneous receivables and payables between funds. The composition of interfund receivables and payables as of December 31, 2016 is as follows:

Fund		Due From		Due To
General Fund	$	200,000	$	400,000
Tired Creek Fund		--		--
Internal Service Fund		400,000		--
Nonmajor Governmental Funds		--		200,000
	$	600,000	$	600,000

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. Transfers from the General Fund to the Non-major Governmental Funds were $216,631 for the year ended December 31, 2016.

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2016:

Primary Government

Governmental activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 5,546,090	$ -	$ -	$ -	$ 5,546,090
Construction in progress	23,380,100	6,551,978	-	-	29,932,078
Total capital assets not being depreciated	28,926,190	6,551,978	-	-	35,478,168
Other capital assets:					
Buildings	13,352,017	-	-	-	13,352,017
Machinery and equipment	7,816,547	480,353	-	-	8,296,900
Roads and bridges	92,697,358	1,862,422	-	-	94,559,780
Total other capital assets at cost	113,865,922	2,342,775	-	-	116,208,697
Less accumulated depreciation for:					
Buildings	(6,763,172)	(368,390)	-	-	(7,131,562)
Machinery and equipment	(5,802,132)	(493,813)	-	-	(6,295,945)
Roads and bridges	(76,473,664)	(1,342,911)	-	-	(77,816,575)
Total accumulated depreciation	(89,038,968)	(2,205,114)	-	-	(91,244,082)
Other capital assets, net	24,826,954	137,661	-	-	24,964,615
Governmental activities capital assets, net	$ 53,753,144	$ 6,689,639	$ -	$ -	$ 60,442,783

Depreciation Expense was charged to functions as follows:

Governmental Activities	
General Government	$ 238,517
Public safety	352,740
Public works	1,514,305
Recreation	99,551
Total governmental activities depreciation expense	$ 2,205,113

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Component Units

Capital asset activity for the Grady County Health Department, a discretely presented component unit, for the year ended December 31, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated	$ -	$ -	$ -	$ -	$ -
Other capital assets:					
Machinery and equipment	77,816	-	-	-	77,816
Total other capital assets at cost	77,816	-	-	-	77,816
Less accumulated depreciation for:					
Machinery and equipment	(73,620)	(4,196)	-	-	(77,816)
Total accumulated depreciation	(73,620)	(4,196)	-	-	(77,816)
Other capital assets, net	4,196	(4,196)	-	-	-
Total capital assets, net	$ 4,196	$ (4,196)	$ -	$ -	$ -

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Grady County Hospital Authority, a discretely presented component unit, for the year ended December 31, 2016 is as follows:

Hospital Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 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	(3,096,273)	(72,646)	-	-	(3,168,919)
Total accumulated depreciation	(3,096,273)	(72,646)	-	-	(3,168,919)
Other capital assets, net	708,195	(72,646)	-	-	635,549
Total capital assets, net	$ 766,787	$ (72,646)	$ -	$ -	$ 694,141

NOTE 8 – LONG TERM DEBT

South Georgia Governmental Services Authority and Grady County Lake 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 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.

On February 3, 2015, the County issued $8,795,000 in Grady County Lake Authority Revenue Bonds, Series 2015 with interest rates from 4.00% to 4.25%. The bonds have annual principal installments beginning on October 1, 2031 and semiannual interest installments due on April 1 and October 1 beginning October 1, 2015.

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.

A summary of the terms of the bonds as of December 31, 2016 is as follows:

Fund and Description	Original Amount	Interest Rate	Maturity Date	Amount
South Georgia Governmental Services Authority Revenue Bond, Series 2010	$ 14,940,000	various	2030	$ 13,510,000
Grady County Lake Authority Revenue Bond, Series 2015	$ 8,795,000	various	2040	8,795,000
Bond premiums				1,195,392
			Less current portion	(750,000)
				$ 22,750,392

The annual debt service requirement to maturity of the bonds at December 31, 2016 is as follows:

Year Ending December 31	Principal	Interest	Total
2017	$ 750,000	$ 926,306	$ 1,676,306
2018	775,000	900,056	1,675,056
2019	800,000	876,806	1,676,806
2020	835,000	844,806	1,679,806
2021	855,000	819,756	1,674,756
2022-2026	4,825,000	3,567,641	8,392,641
2027-2031	5,400,000	2,433,410	7,833,410
2032-2036	4,110,000	1,459,860	5,569,860
2037-2040	3,955,000	498,823	4,453,823
	$ 22,305,000	$ 12,327,464	$ 34,632,464

NOTE 8 – LONG TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of the activity in long term-liabilities for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Bonds:					
SGGSA Revenue Bond Series 2010	14,240,000	-	(730,000)	13,510,000	750,000
GCLA Revenue Bond Series 2015	8,795,000	-	-	8,795,000	-
Plus deferred amounts for issuance premiums	1,255,231	-	(59,839)	1,195,392	-
Total bonds payable	24,290,231	-	(789,839)	23,500,392	750,000
Compensated absences	112,657	21,614	-	134,271	-
Governmental activities long-term liabilities	24,402,888	21,614	(789,839)	23,634,663	750,000

Compensated absences are generally liquidated by the General Fund.

Component Units

The activity in long-term liabilities for the Grady County Health Department, a discretely presented component unit, for the year ended December 31, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit					
Health Department					
Governmental Activities					
Compensated absences	32,059	4,028	-	36,087	3,609
Long-term Liabilities	32,059	4,028	-	36,087	3,609

NOTE 9 – 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, 2016 include:

Special Revenue Funds	
Reserved for public services	$ 923,899
Capital Projects Funds	
Reserved for specific purposes to reflect Resources funded by Special Purpose Local Option Sales Tax , Federal grants and capital projects	1,798,170

NOTE 10 - 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.

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 April 1, 2014. The referendum will raise $18,000,000 for various capital outlay projects.

NOTE 11 – PENSION PLAN

Primary Government

Plan Description

The County's defined benefit pension plan, the Grady County, Georgia Defined Benefit Plan (GCGDBP), provides for benefits upon retirement, death, disablement, and termination of employment, if certain eligibility conditions are met. GCGDBP is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (ACCGDBP), an agent multiple-employer public employee retirement system 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. For service earned after July 1, 2012, the benefit formula was changed to 1.25% of Average Annual Compensation for each year of service. Compensation is averaged over a five-year period prior to retirement or termination.

As of December 31, 2016, employee membership data related to the plan was as follows:

Retirees, beneficiaries and disables receiving benefits	28
Terminated plan participants entitled to but not yet receiving benefits	46
Active employees participating in the plan	83
Total number of plan participants	157

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 3% of pay. 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.

NOTE 11 – PENSION PLAN (CONTINUED)

Actuarial assumptions

The total pension liability as of December 31, 2016 was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Fiscal Year Ending December 31,	**2016**
Valuation date	January 1, 2016
Measurement date	December 31, 2016
Inflation	N/A
Salary increases including inflation	4.0%-5.5%
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2000 Mortality Table with Scale AA to 2016.
Disability rates were based on Social Security standard rates.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Trustees shall rebalance the portfolio at least annually for asset allocation purposes. The guidelines for allocation are: equities shall not exceed 70% of total plan assets, valued at cost. Fixed income shall be targeted at 30% of total plan assets, valued at cost. The guidelines for asset allocation are as follows:

Asset Class	**Target Allocation**	**Range**
Fixed income	30%	25%-35%
Equities:		
Large cap	30%	25%-35%
Mid cap	5%	2.5%-10%
Small cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi cap	5%	2.5%-10%
Global allocation	5%	2.5%-10%
Total	100%	

NOTE 11 – PENSION PLAN (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability was 7.50%, revised to 7.25% at December 31, 2016. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as the forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

Changes in the net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (TPL) (a)	**Fiduciary Net Position (FNP) (b)**	**Net Pension Liability (NPL) (a) - (b)**
Balances at December 31, 2015	$ 4,208,584	$ 3,097,059	$ 1,111,525
Changes for the year:			
Service cost	115,821		115,821
Interest	310,428		310,428
Liability experience (gain)/Loss	121,544		121,544
Assumption change	150,365		150,365
Employer contributions	-	158,395	(158,395)
Employee contributions	-	80,436	(80,436)
Net investment income	-	215,740	(215,740)
Benefit payments	(139,089)	(139,089)	-
Administrative expense		(19,886)	19,886
Other	-	(53,142)	53,142
Net changes	559,069	242,454	316,615
Balances at December 31, 2016	$ 4,767,653	$ 3,339,513	$ 1,428,140

NOTE 11 – PENSION PLAN (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the revised discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	$ 5,445,897	$ 4,767,653	$ 4,206,143
Fiduciary net position	3,339,513	3,339,513	3,339,513
Net pension liability	2,106,384	1,428,140	866,630

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GEBCorp financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the County recognized pension expense of $292,816 consisting of the following:

Service cost	$ 115,821
Interest on TPL	310,428
Amortization of:	
Liability experience (gain)/loss	15,318
Change in assumption	47,226
Asset (gain)/loss	56,919
Employee contributions	(80,436)
Projected earnings on plan investments	(230,105)
Administration expense	19,886
Other change in FNP	37,759
Total expense	$ 292,816

NOTE 11 – PENSION PLAN (CONTINUED)

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Demograhic gain / loss	$ 331,181	$ (21,191)
Net difference in projected and actual earnings on pension plan investments	170,528	-
Total	$ 501,709	$ (21,191)

The County's gains and losses subsequent to the measurement date of $480,518 are reported as deferred inflows and outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension.

Sheriff's Retirement Fund of Georgia

Plan Description

The Sheriff's Retirement Fund of Georgia (SRFG) is a cost-sharing multiple employer defined benefit created in 1963 by the General Assembly of Georgia to provide retirement benefits to qualifying sheriffs. The State of Georgia provides nonemployer contributions to the SRFG through the collection of court fines and forfeitures. Detailed information about the benefits provided to members is available in the separately issued SRFG financial report which is publicly available.

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	n/a
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Mortality Table, projected to 2025

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 11 – PENSION PLAN (CONTINUED)

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

At June 30, 2016, the County did not have a liability for a proportionate share of the net pension liability (asset) of the SRFG because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability (asset) associated with the County was $402,696 as of June 30, 2016.

Pension Expense

For the year ended June 30, 2016, the County recognized pension expense related to the SRFG of $161,789 and revenue of $161,789 for support provided by the State of Georgia.

Peace Officers' Annuity and Benefit Fund of Georgia

Plan Description

The Peace Officers' Annuity and Benefit Fund of Georgia (POABFG) is a cost-sharing multiple employer defined benefit created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. Members of the POABFG are employed by units of government throughout the State of Georgia. The employers of the POABFG's members do not make contributions to the POABFG. The State of Georgia provides nonemployer contributions to the POABFG through the collection of court fines and forfeitures. Detailed information about the benefits provided to members is available in the separately issued POABFG financial report which is publicly available.

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	n/a
Investment rate of return	7.00%
Mortality rates	RP-2014, Combined

NOTE 11 – PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was calculated by the POABFG's investment manager as 6.66% using a Monte Carlo simulation in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The POABFG's administrator determined that 7.00% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the POABFG's investment manager.

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

At December 31, 2016, the County did not have a liability for a proportionate share of the net pension liability (asset) of the POABFG because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability (asset) associated with the County was $17,973 as of December 31, 2016.

Pension Expense

For the year ended December 31, 2016, the County recognized pension expense related to the POABFG of $5,249 and revenue of $5,249 for support provided by the State of Georgia.

Component Units

Grady County Health Department

Plan Description

The Employees' Retirement System (ERS) was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. It is a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans.* ERS is directed by the Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature.

NOTE 11 – PENSION PLAN (CONTINUED)

Benefits provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members.

The employees of the Grady County Health Department are covered by the Employees' Retirement System of the State of Georgia. Total retirement contributions for the year ended June 30, 2016 were $105,534 based on qualifying salaries of $450,367.

GASB 68 Implementation

The following schedules reflect GASB Statement No. 68 reporting information:

Contributions made during the measurement period (fiscal year ended June 30, 2015) were $95,000.

NOTE 11 – PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Employer's proportionate share of net pension liability	$	766,565
Employer's proportion of net pension liability		0.018921%
Increase/(Decrease) from proportion measured as of June 30, 2014		0.002063%
Employer's recognized pension expense	$	71,813

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 6,125
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	55,309
Changes in proportion and differences between Employer contributions and proportionate share of contributions	57,756	4,099
Employer contributions subsequent to the measurement date	47,778	-
	$ 105,534	$ 65,533

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2017	$	5,669
2018		(7,442)
2019		(24,652)
2020		18,648
2021		-
Thereafter		-

Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increases	5.45-9.25%, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation

NOTE 11 – PENSION PLAN (CONTINUED)

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active services, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004-June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The discount rate used to measure the collective total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net liability	$ 1,086,633	$ 766,565	$ 493,694

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement Systems of Georgia Financial Report which is publically available at **www.ersga.com**.

NOTE 12 – 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, 2016, 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, 2014, 2015, and 2016.

NOTE 13 – JOINT VENTURES

Southwest Georgia Regional Commission

Under Georgia law, the County is a member of the Southwest Georgia Regional Commission (SWGRC) along with surrounding counties and municipalities and is required to pay dues thereto. The SWGRC 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, 2016, the County paid dues to the SWGRC of approximately $15,701. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the regional commission in Georgia. The regional commission 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 a regional commission. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730

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.

NOTE 13 – JOINT VENTURES (Continued)

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 14 – 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 15 – 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 16 – 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.

Grady County, Georgia
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
December 31, 2016

	2016	2015
Total pension liability		
Service cost	$ 115,821	$ 115,172
Interest	315,644	282,021
Liability experience (gain)/loss	121,544	(30,405)
Assumption changes	150,365	148,999
Benefit payments	(144,305)	(134,961)
Net change in pension liability	559,069	380,826
Total pension liability - beginning	4,208,584	3,827,758
Total pension liability - ending (a)	4,767,653	4,208,584
Plan fiduciary net position		
Employer contributions	158,395	144,282
Employee contributions	80,436	83,706
Net investment income	215,740	19,214
Benefit payments	(139,089)	(134,961)
Administrative expenses	(19,886)	(16,465)
Other changes	(53,142)	(28,263)
Net change in fiduciary net position	242,454	67,513
Plan fiduciary net position - beginning	3,097,059	3,029,546
Plan fiduciary net position - ending (b)	3,339,513	3,097,059
Net pension liability (a) - (b)	$ 1,428,140	$ 1,111,525
Plan fiduciary net position as a percentage of the total pension liability	70.05%	73.59%
Covered-employee payroll	$ 2,703,699	$ 2,675,452
Net pension liability as a percentage of covered-employee payroll	52.82%	41.55%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

Grady County, Georgia
Required Supplementary Information
Schedule of Employer Contributions – Pension Plan
December 31, 2016

	2016	2015
Actuarially determined contribution	$ 158,395	$ 144,282
Contributions in relation to the actuarially determined contribution	158,395	144,282
Contribution deficiency (excess)	-	-
Covered-employee payroll	$ 2,703,699	$ 2,675,452
Contributions as a percentage of covered-employee payroll	5.86%	5.39%

Notes to the Schedule

(1) Actuarial assumptions

Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial asset valuation method	Smoothed market value	Smoothed market value
Assumed rate of return on investments	7.50%	7.50%
Projected salary increases	4.0%-5.5%	3.5%-5.5%
Inflation rate	N/A	N/A

(2) The schedule will present 10 years of information once it is accumulated.

Grady County, Georgia
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liabilities – Cost-Sharing Multiple-Employer Pension Plans
December 31, 2016

Sheriff's Retirement Fund of Georgia

	2016	2015
County's proportion of the net pension liability (asset)	$ -	$ -
State of Georgia's proportionate share of the net pension liability (asset) associated with the County	$ 402,696	$ 124,539
County's covered-employee payroll	n/a	n/a
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	56.67%	80.25%

Peace Officers' Annuity and Benefit Fund of Georgia

	2016	2015
County's proportion of the net pension liability	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the County	$ 17,973	$ (33,226)
County's covered-employee payroll	n/a	n/a
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	92.18%	103.75%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

Grady County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds	SPLOST 2007 Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 1,052,597	$ 1,118,401	$ 2,170,998
Accounts receivable, net	43,607	-	43,607
Taxes receivable, net	-	-	-
Notes receivable	-	-	-
Restricted cash	15	-	15
Total assets	1,096,219	1,118,401	2,214,620
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ (27,680)	$ -	$ (27,680)
Due to other funds	200,000	-	200,000
Total liabilities	172,320	-	172,320
Deferred Inflows of Resources			
Unavailable revenue	-		-
Fund balances restricted for:			
Public services	923,899	-	923,899
Debt service	-	-	-
Specific purposes	-	1,118,401	1,118,401
Unassigned	-	-	-
Total fund balances	923,899	1,118,401	2,042,300
Total liabilities, deferred inflows of resources and fund balances	$ 1,096,219	$ 1,118,401	$ 2,214,620

Grady County, Georgia
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds	SPLOST 2007 Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ -
Intergovernmental	1,730,078	-	1,730,078
Charges for services	367,737	45,511	413,248
Fines and forfeitures	13,463	-	13,463
Interest income	907	1,698	2,605
Total revenues	2,112,185	47,209	2,159,394
Expenditures			
Current:			
Court system	33,919	-	33,919
Public safety	570,503	-	570,503
Roads and bridges	-	887	887
Intergovernmental	2,103	-	2,103
Public education	36,151	-	36,151
Capital outlay	1,780,889	118,221	1,899,110
Total expenditures	2,423,565	119,108	2,542,673
Excess (Deficiency) of Revenues Over Expenditures	(311,380)	(71,899)	(383,279)
Other Financing Sources (Uses)			
Transfers from other funds	216,631	-	216,631
Transfers to other funds	-	-	-
Total other financing sources (uses)	216,631	-	216,631
Net change in fund balances	(94,749)	(71,899)	(166,648)
Fund Balances, beginning of year	1,018,648	1,190,300	2,208,948
Fund Balances, end of year	$ 923,899	$ 1,118,401	$ 2,042,300

Grady County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Special Revenue Funds			
	E-911 Fund	Law Library Fund	Confiscated Assets Fund	Multiple Grants Fund
Assets				
Cash and cash equivalents	$ 39,682	$ 24,179	$ 52,428	$ 824,651
Accounts receivable, net	43,607	-	-	-
Taxes receivable, net	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash	-	-	-	15
Total assets	83,289	24,179	52,428	824,666
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 61,628	$ -	$ -	$ (89,308)
Due to other funds	-	-	-	200,000
Total liabilities	61,628	-	-	110,692
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Fund balances restricted for:				
Public services	21,661	24,179	52,428	713,974
Debt service	-	-	-	-
Specific purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	21,661	24,179	52,428	713,974
Total liabilities, deferred inflows of resources and fund balances	$ 83,289	$ 24,179	$ 52,428	$ 824,666

Grady County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Special Revenue Funds	
	Drug Abuse and Treatment Fund	Total
Assets		
Cash and cash equivalents	$ 111,657	$ 1,052,597
Accounts receivable, net	-	43,607
Taxes receivable, net	-	-
Notes receivable	-	-
Restricted cash	-	15
Total assets	111,657	1,096,219
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ -	$ (27,680)
Due to other funds	-	200,000
Total liabilities	-	172,320
Deferred Inflows of Resources		
Unavailable revenue	-	-
Fund balances restricted for:		
Public services	111,657	923,899
Debt service	-	-
Specific purposes	-	-
Unassigned	-	-
Total fund balances	111,657	923,899
Total liabilities, deferred inflows of resources and fund balances	$ 111,657	$ 1,096,219

Grady County, Georgia
Combining Statement of Revenues Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
December 31, 2016

	Special Revenue Funds			
	E-911 Fund	Law Library Fund	Confiscated Assets Fund	Multiple Grants Fund
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	1,701,598
Charges for services	326,563	-	-	-
Fines and forfeitures	-	11,969	1,364	-
Interest income	97	35	52	477
Total revenues	326,660	12,004	1,416	1,702,075
Expenditures				
Current:				
Court system	-	4,604	-	-
Public safety	570,243	-	260	-
Roads and bridges	-	-	-	-
Intergovernmental	-	-	-	2,103
Public education	-	-	-	-
Capital outlay	-	-	(20,758)	1,801,647
Total expenditures	570,243	4,604	(20,498)	1,803,750
Excess (Deficiency) of Revenues Over Expenditures	(243,583)	7,400	21,914	(101,675)
Other Financing Sources (Uses)				
Transfers from other funds	216,631	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	216,631	-	-	-
Net change in fund balances	(26,952)	7,400	21,914	(101,675)
Fund Balances, beginning of year	48,613	16,779	30,514	815,649
Fund Balances, end of year	$ 21,661	$ 24,179	$ 52,428	$ 713,974

Grady County, Georgia
Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
December 31, 2016

	Special Revenue Funds	
	Drug Abuse and Treatment Fund	Total
Revenues		
Property taxes	$ -	$ -
Intergovernmental	28,480	1,730,078
Charges for services	41,174	367,737
Fines and forfeitures	130	13,463
Interest income	246	907
Total revenues	70,030	2,112,185
Expenditures		
Current:		
Court system	29,315	33,919
Public safety	-	570,503
Roads and bridges	-	-
Intergovernmental	-	2,103
Public education	36,151	36,151
Capital outlay	-	1,780,889
Total expenditures	65,466	2,423,565
Excess (Deficiency) of Revenues Over Expenditures	4,564	(311,380)
Other Financing Sources (Uses)		
Transfers from other funds	-	216,631
Transfers to other funds	-	-
Total other financing sources (uses)	-	216,631
Net change in fund balances	4,564	(94,749)
Fund Balances, beginning of year	107,093	1,018,648
Fund Balances, end of year	$ 111,657	$ 923,899

Grady County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – E-911 Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	360,260	360,260	326,563	(33,697)
Fines and forfeitures	-	-	-	-
Interest income	-	-	97	97
Total revenues	360,260	360,260	326,660	(33,600)
Expenditures				
Current:				
Court system	-	-	-	-
Public safety	570,260	570,260	570,243	17
Roads and bridges	-	-	-	-
Intergovernmental	-	-	-	-
Public education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	570,260	570,260	570,243	17
Excess (Deficiency) of Revenues Over Expenditures	(210,000)	(210,000)	(243,583)	(33,583)
Other Financing Sources (Uses)				
Transfers from other funds	210,000	210,000	216,631	6,631
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	210,000	210,000	216,631	6,631
Net change in fund balances	-	-	(26,952)	(26,952)
Fund Balances, beginning of year	48,613	48,613	48,613	-
Fund Balances, end of year	$ 48,613	$ 48,613	$ 21,661	$ (26,952)

Grady County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Law Library Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	11,969	11,969
Interest income	-	-	35	35
Total revenues	-	-	12,004	12,004
Expenditures				
Current:				
Court system	-	-	4,604	(4,604)
Public safety	-	-	-	-
Roads and bridges	-	-	-	-
Intergovernmental	-	-	-	-
Public education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	4,604	(4,604)
Excess (Deficiency) of Revenues Over Expenditures	-	-	7,400	7,400
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	7,400	7,400
Fund Balances, beginning of year	16,779	16,779	16,779	-
Fund Balances, end of year	$ 16,779	$ 16,779	$ 24,179	$ 7,400

Grady County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Confiscated Assets Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	21,018	21,018	1,364	(19,654)
Interest income	-	-	52	52
Total revenues	21,018	21,018	1,416	(19,602)
Expenditures				
Current:				
Court system	-	-	-	-
Public safety	260	260	260	-
Roads and bridges	-	-	-	-
Intergovernmental	-	-	-	-
Public education	-	-	-	-
Capital outlay	20,758	20,758	(20,758)	41,516
Total expenditures	21,018	21,018	(20,498)	41,516
Excess (Deficiency) of Revenues Over Expenditures	-	-	21,914	21,914
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	21,914	21,914
Fund Balances, beginning of year	30,514	30,514	30,514	-
Fund Balances, end of year	$ 30,514	$ 30,514	$ 52,428	$ 21,914

Grady County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Multiple Grants Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	1,804,534	1,804,534	1,701,598	(102,936)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest income	-	-	477	477
Total revenues	1,804,534	1,804,534	1,702,075	(102,459)
Expenditures				
Current:				
Court system	-	-	-	-
Public safety	2,100	2,100	-	2,100
Roads and bridges	754,626	754,626	-	754,626
Intergovernmental	-	-	2,103	(2,103)
Public education	-	-	-	-
Capital outlay	1,047,808	1,047,808	1,801,647	(753,839)
Total expenditures	1,804,534	1,804,534	1,803,750	784
Excess (Deficiency) of Revenues Over Expenditures	-	-	(101,675)	(101,675)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(101,675)	(101,675)
Fund Balances, beginning of year	815,649	815,649	815,649	-
Fund Balances, end of year	$ 815,649	$ 815,649	$ 713,974	$ (101,675)

Grady County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual –Drug Abuse Treatment Fund
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	28,480	28,480
Charges for services	65,592	65,592	41,174	(24,418)
Fines and forfeitures	-	-	130	130
Interest income	-	-	246	246
Total revenues	65,592	65,592	70,030	4,438
Expenditures				
Current:				
Court system	29,592	29,592	29,315	277
Public safety	-	-	-	-
Roads and bridges	-	-	-	-
Intergovernmental	-	-	-	-
Public education	36,000	36,000	36,151	(151)
Capital outlay	-	-	-	-
Total expenditures	65,592	65,592	65,466	126
Excess (Deficiency) of Revenues Over Expenditures	-	-	4,564	4,564
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	4,564	4,564
Fund Balances, beginning of year	107,093	107,093	107,093	-
Fund Balances, end of year	$ 107,093	$ 107,093	$ 111,657	$ 4,564

Grady County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2016

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Total Agency Funds
Assets						
Restricted assets:						
Cash and cash equivalents	$ 58,604	$ 6,212	$ 2,998,689	$ 34,236	$ 37,518	$ 3,135,259
Property tax receivable	-	-	2,460,160	-	-	2,460,160
Total assets	$ 58,604	$ 6,212	$ 5,458,849	$ 34,236	$ 37,518	$ 5,595,419
Liabilities						
Due to others	$ 58,604	$ 6,212	$ -	$ 34,236	$ 37,518	$ 136,570
Due to other governments	-	-	-	-	-	-
Uncollected taxes	-	-	5,458,849	-	-	5,458,849
Total liabilities	$ 58,604	$ 6,212	$ 5,458,849	$ 34,236	$ 37,518	$ 5,595,419

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2016, and the related notes to the financial statements, which collectively comprise Grady County, Georgia's basic financial statements and have issued our report thereon dated November 20, 2017. Our report includes a reference to other auditors who audited the financial statements of the Grady County Health Department, as described in our report on Grady County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of financial statement findings and responses that we consider to be material weaknesses. [2016-1, 2016-2, 2016-3, 2016-4, 2016-5, 2016-6, 2016-7, 2016-8, 2016-9, 2016-10.].

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 financial statement findings and responses. Grady County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

November 20, 2017
Tifton, Georgia

2016-1

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

2016-2

Criteria:

Generally accepted accounting principles require Governmental Fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Condition:

The County's year end closing policies and procedures did not prevent misstatements in the funds.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over financial reporting.

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2016-3

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.

2016-4

Criteria:

Fund balances should be reconciled and rolled forward from the prior year balance.

Condition:

Reconciliations and roll forwards of fund balances were not properly performed.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the fund balances.

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2016-5

Criteria:

Bank accounts should be reconciled to the general ledger balances.

Condition:

Bank reconciliations were not properly or timely performed during the year.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the reconciliation of cash balances.

2016-6

Criteria:

Property tax receivables and deferred inflows should be reconciled to the general ledger balances.

Condition:

Reconciliations of property tax receivables and deferred inflows were not properly performed.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the reconciliation of property tax receivables and deferred inflows.

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2016-7

Criteria:

Accounts payable and accrued expenses should be reconciled to the general ledger balances.

Condition:

Reconciliations of accounts payable and accrued expenses were not properly performed.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the reconciliation of accounts payable and accrued expenses.

2016-8

Criteria:

Interfund activity and balances should be reconciled to the general ledger balances.

Condition:

Reconciliations of interfund activity and balances were not properly performed.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the reconciliation of interfund activity and balances.

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2016-9

Criteria:

Journal entries posted to the general ledger should be properly documented as to purpose and approval.

Condition:

Certain journal entries to the general ledger during the year were not properly documented as to purpose and approval.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the proper documentation for the purpose and approval of journal entries posted to the general ledger.

2016-10

Criteria:

The accounting software system should not allow one-sided journal entries to be recorded in the system.

Condition:

Certain one-sided journal entries to the general ledger during the year were allowed to be posted by the accounting software.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over the proper settings in its software and the recording of journal entries.

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Grady County, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
December 31, 2015

	Original Estimated Cost	Expenditures					Estimated Percentage of Completion
		Prior Years	Reclassification	Prior Years as Reclassified	Current Year	Total	
Special Purpose Local Option Sales Tax - 2007							
County roads, streets and bridges	$ 6,032,550	$ 13,320,001	$ (5,490,748)	$ 7,829,253	$ 107,787	$ 7,937,040	100%
Grady County Volunteer Fire Department	250,000	124,847	-	124,847	11,321	136,168	54%
Hospital Authority imaging center	1,500,000	1,585,174	(63,075)	1,522,099	-	1,522,099	100%
Grady County Library	120,000	123,779	(5,139)	118,640	-	118,640	99%
Aquatic center recreational facility	900,000	25,772	-	25,772	-	25,772	3%
Grady County administrative office space	400,000	399,892	-	399,892	-	399,892	100%
Historical Society	200,000	208,912	(8,281)	200,631	-	200,631	100%
City of Cairo	4,272,450	4,505,125	63,674	4,568,799	-	4,568,799	100%
City of Whigham	325,000	341,675	(13,491)	328,184	-	328,184	100%
Total capital expenditures	14,000,000	20,635,177	(5,517,060)	15,118,117	119,108	15,237,225	
Principal payments on advance funding	-	-	5,000,000	5,000,000	-	5,000,000	
Interest payments on advance funding	-	-	517,060	517,060	-	517,060	
Total expenditures	$ 14,000,000	$ 20,635,177	$ -	$ 20,635,177	$ 119,108	$ 20,754,285	
Special Purpose Local Option Sales Tax - 2012							
County roads, streets and bridges	$ 3,246,000	$ -	$ -	$ -	$ -	$ -	0%
Public safety equipment	1,500,000	257	-	257	-	257	0%
Retirement of existing indebtedness	6,000,000	2,061,965	-	2,061,965	1,621,929	3,683,894	61%
City of Cairo	6,912,000	1,477,195	-	1,477,195	837,192	2,314,387	33%
City of Whigham	342,000	73,090	-	73,090	41,423	114,513	33%
Total expenditures	$ 18,000,000	$ 3,612,507	$ -	$ 3,612,507	$ 2,500,544	$ 6,113,051	

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