Grady County, Georgia

Financial Statements

For the Year Ended

December 31, 2017

Grady County, Georgia
For the Year Ended December 31, 2017
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GRADY COUNTY, GEORGIA

List of Elected and Appointed Officials

December 31, 2017

Elected

Ray Prince, Chairman

T.D. David, Vice Chairman

Keith Moye, County Commissioner

LaFaye Copeland, County Commissioner

June Knight, County Commissioner

Staff

Donna Johnson, Accounting Manager

Carrie Kines, County Clerk

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members
American Institue of Certified Public Accountants
Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

INDEPENDENT AUDITORS' REPORT

Honorable Chairperson and
Members of the Board of Commissioners of
Grady County, 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, 2017, 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 presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud of error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grady County Health Department, which represent 42%, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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, 2017, 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 i-viii, the schedule of changes in net pension liability and related ratios on page 47, the schedule of employer contributions on page 48 and the schedule of proportionate share of net pension liabilities on page 49 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 the 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 and opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and 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's basic financial statements. The supplementary information, including the combining and individual non-major governmental fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund statements and schedules, the combining statement of fiduciary assets and liabilities, the annual report of 911 collections and expenditures, the schedules of expenditures of special purpose local option sales tax proceeds and the community development block grant source and applications of funds schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual non-major governmental fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018 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 on an audit performed in accordance with *Government Auditing Standards* in considering Grady County, Georgia's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
June 30, 2018

Grady County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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, 2017. 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 $75.22 million in total assets of which $61.40 million are capital assets.
- The County has $25.72 million in total liabilities of which $24.08 are long term.
- The assets of the County exceeded its liabilities as of December 31, 2017 by $49.50 million.
- The County's total net position increased by $1.38 million.
- As of December 31, 2017, the County's governmental funds reported combined ending fund balances of $11.23 million, a decrease of $.51 million in comparison to the prior year. Approximately 74% of the combined fund balances, $8.28 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, 2017 the unassigned fund balance of the general fund was $8.28 million, which was a decrease of $.67 million in comparison to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that presents combining statements for non-major 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, 2017 and 2016.

Table 2
Condensed Statement of Net Position

	Total Primary Government	
	2017	2016
Assets		
Current and other assets	$ 13,663,496	$ 13,505,911
Capital assets	61,403,112	60,442,783
Total assets	75,066,608	73,948,694
Deferred outflows of resources	113,609	501,709
Liabilties		
Other liabilities	1,642,040	1,340,328
Long-term liabilites	24,077,069	25,062,803
Total liabilites	25,719,109	26,403,131
Deferred inflows of resources	215,502	21,191
Net Position		
Invested in capital assets, net of related debt	32,717,267	36,942,391
Restricted	722,213	2,722,069
Unrestricted	15,963,505	8,361,621
Total net position	$ 49,402,985	$ 48,026,081

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, 2017 and 2016. 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

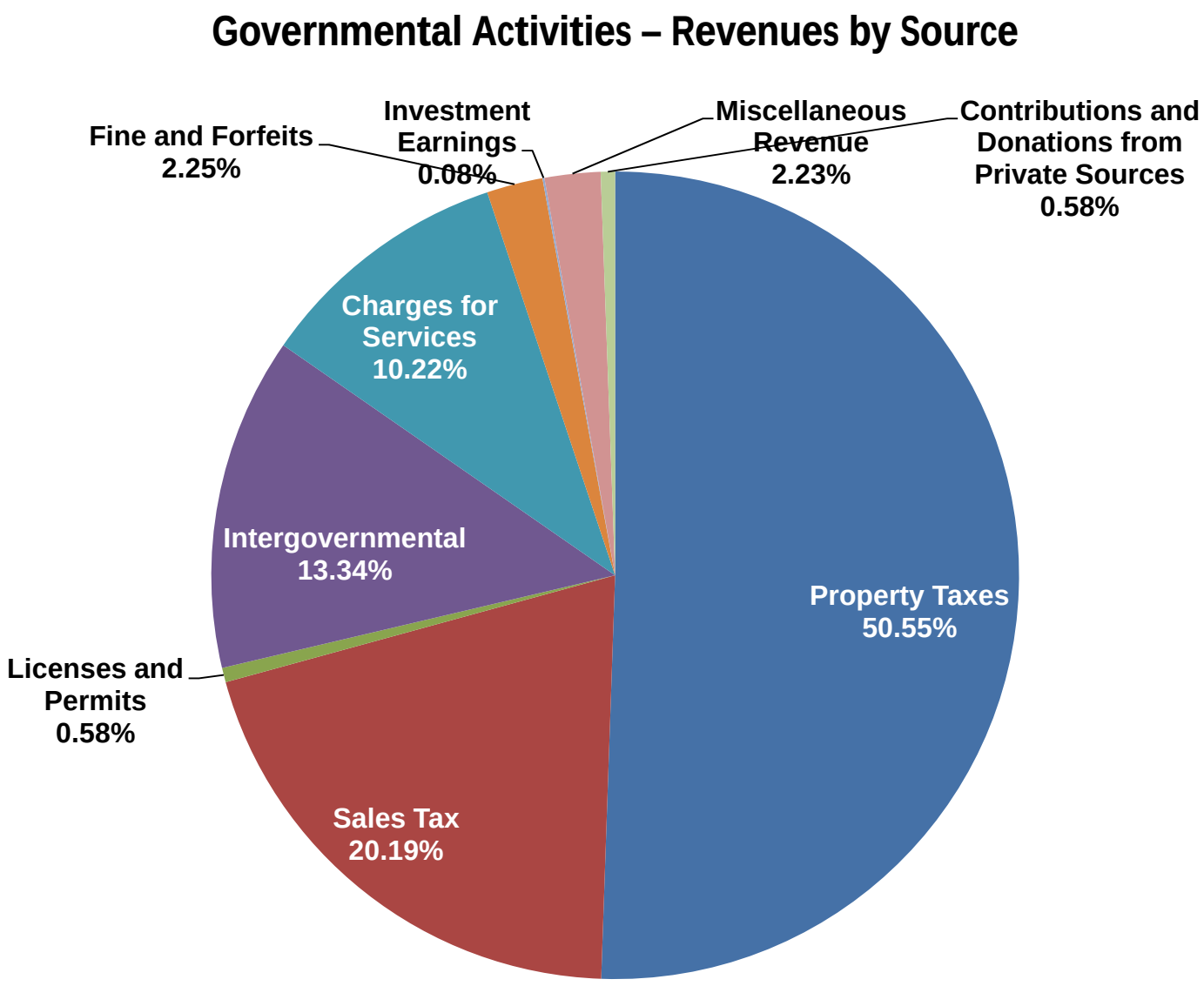
	Total Primary Government	
	2017	2016
Revenues		
Program Revenues:		
Charges for Services	2,279,244	2,110,288
Operating Grants and Contributions	361,661	2,112,807
Capital Grants and Contributions	2,302,837	114,759
General Revenues:		
Property Taxes	8,394,466	7,704,160
Local Option Sales Taxes	3,673,162	3,881,881
Other Taxes and Licenses	1,182,652	868,506
Investment Income	12,249	18,421
Gain (loss) on sale of capital asets	45,324	13,212
Other Revenues	253,246	157,610
Total Revenues	18,504,841	16,981,644
Expenses		
General Government	3,785,562	5,185,878
Public Safefy	5,218,247	4,589,627
Court System	1,169,308	979,174
Public Works	4,204,637	3,528,048
Public Health and Welfare	99,496	213,174
Recreation	588,480	959,462
Housing and Development	352,448	78,112
Intergovernmental	1,317,146	878,615
Interest on Long-Term Debt	747,012	890,998
Total Expenses	17,482,336	17,303,088
Increase (Decrease) in Net Assets Before Transfers	1,022,505	(321,444)
Transfers	-	-
Change in Net Position	1,022,505	(321,444)

During the year ended December 31, 2017, the net position of the County increased $1.38 million. Total revenues for 2017 increased $1.52 million. Expenses increased by $.18 million. The county continued building and repairing roads in 2017 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 2017 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

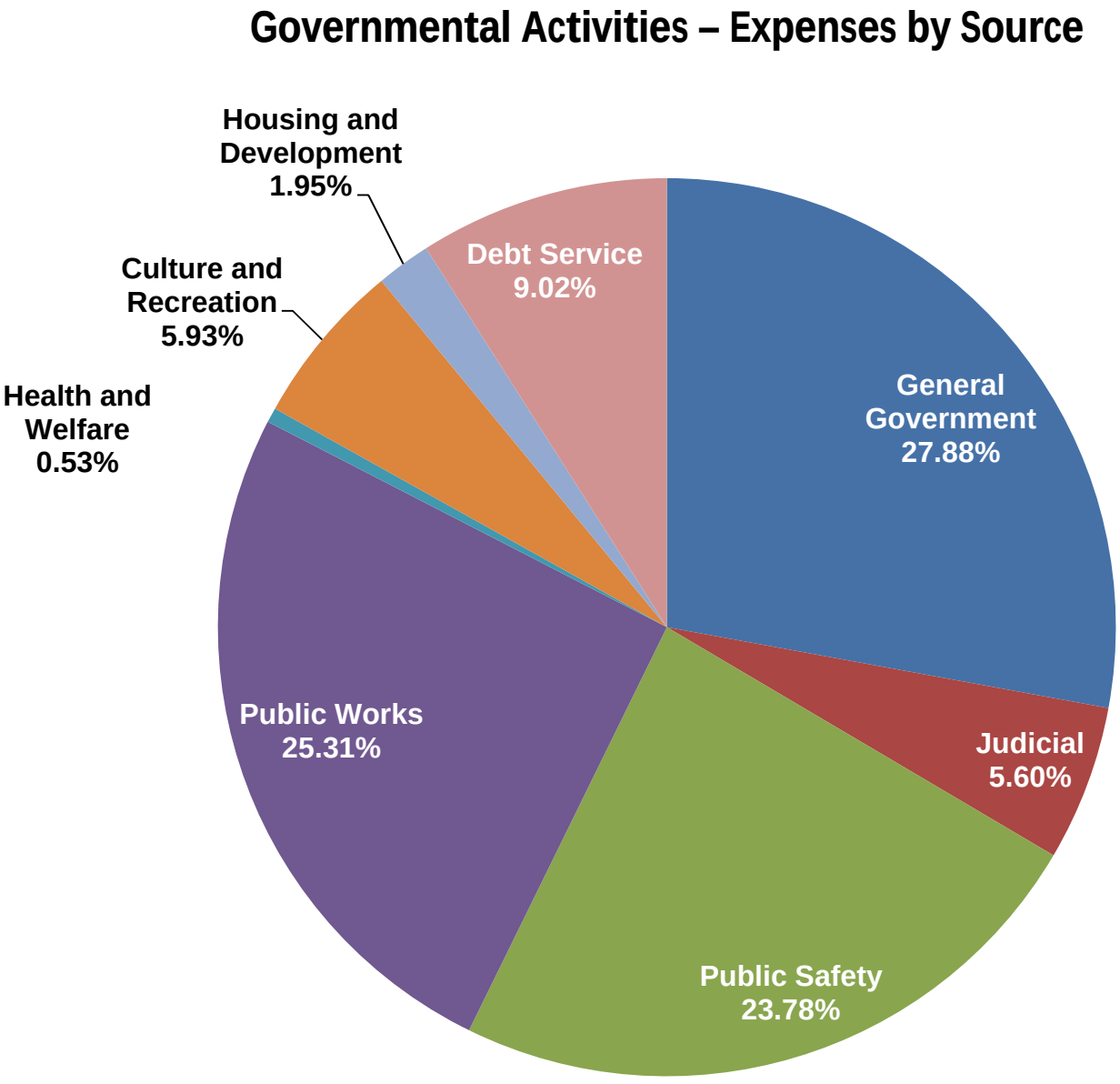
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source. Approximately 10.22% of the County's revenues were derived from charges for services, .82% from grants and contributions, and approximately 20.19% came from sales taxes. The largest portion of the County's revenue, 50.56%, came from property taxes.



Governmental Activities – Expenses by Source

The following chart shows the governmental activities expenses by source. The County spent the greatest amount of its available funding on general government at 28.31%. The next largest expenditures were for public works at 25.03% and public safety at 23.70%.



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, 2017, the County's governmental funds reported a combined ending fund balance of $11.23 million. Of that amount $8.28 million was unassigned, $.24 million was nonspendable, and $2.71 million was restricted.

The general fund is the operating fund of the County. As of December 31, 2017, total fund balance of the general fund was $8.52 million. The net change in the general fund's total fund balance for the year ended December 31, 2017 was a decrease of $.50 million or 18.02%.

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 2017 related to the transfer of budgeted amounts between departments and did not result in additional appropriations.

The actual revenues of the general fund were less than the final budgeted amounts by $.54 million for the year ended December 31, 2017. Total general fund revenues for 2017 increased by $.56 million compared to 2016.

The actual expenditures of the general fund were less than the final budgeted amounts by $118 thousand for the year ended December 31, 2017. Expenses decreased by $182 thousand compared to 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the County had capital assets, net of accumulated depreciation of $61.40 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
Sheriff's Office flooring	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, 2017, The County reported long term debt of $23.14 million. Outstanding principal balance on 2010 Series revenue bonds is $13,895,553. Outstanding principal balance on the 2015 Series revenue bonds is $8,795,000. Outstanding principal balance on capital leases is $449,202. 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
December 31, 2017

	Governmental Activities	Total	Component Units
ASSETS			
Cash and cash equivalents	$ 9,677,668	$ 9,677,668	$ 473,386
Receivables (net, where applicable, of allowances for uncollectible):			
Taxes	1,195,200	1,195,200	-
Accounts	116,757	116,757	-
Due from other governments	257,508	257,508	113,045
Prepaid expenses	235,314	235,314	-
Restricted assets:			
Cash and cash equivalents	1,527,712	1,527,712	-
Sales tax receivable	653,337	653,337	-
Capital assets:			
Land	5,546,090	5,546,090	58,592
Construction in progress	30,914,312	30,914,312	-
Other capital assets, net of depreciation	24,942,710	24,942,710	589,467
Total Assets	75,223,987	75,223,987	1,234,490
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources-pension	113,609	113,609	162,235
Total Deferred Outflows of Resources	113,609	113,609	162,235
LIABILITIES			
Accounts payable	786,734	786,734	51,307
Accrued liabilities	855,306	855,306	-
Due to other governments	-	-	29,195
Long-term liabilities:			
Portion due and payable within one year:			
Bonds	775,000	775,000	-
Capital leases	119,965	119,965	-
Portion due and payable after one year:			
Bonds	21,915,553	21,915,553	-
Capital leases	329,237	329,237	-
Net pension obligation liability	779,241	779,241	843,528
Compensated absences payable	158,073	158,073	34,020
Total Liabilities	25,719,109	25,719,109	958,050
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources-pension	215,502	215,502	28,884
Total Deferred Inflows of Resources	215,502	215,502	28,884
NET POSITION			
Net investment in capital assets	32,717,267	32,717,267	648,059
Restricted for:			
Capital projects	700,965	700,965	-
Legal Reference Materials	21,233	21,233	-
Public Safety	15	15	-
Public Health Programs	-	-	308,817
Unrestricted	15,963,505	15,963,505	(547,085)
Total Net Position	$ 49,402,985	$ 49,402,985	$ 409,791

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

Grady County, Georgia
Balance Sheet
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Total	Component Units
Governmental:							
General Government	$ 5,102,708	$ 417,345	$ 116,794	$ 2,302,837	$ (2,265,732)	$ (2,265,732)	
Judicial	1,169,308	861,026	-	-	(308,282)	(308,282)	
Public Safety	5,218,247	978,775	142,627	-	(4,096,845)	(4,096,845)	
Public Works	4,204,637	-	-	-	(4,204,637)	(4,204,637)	
Health and Welfare	99,496	4,862	-	-	(94,634)	(94,634)	
Culture and Recreation	588,480	17,236	102,240	-	(469,004)	(469,004)	
Housing and Development	352,448	-	-	-	(352,448)	(352,448)	
Interest on long-term debt	747,012	-	-	-	(747,012)	(747,012)	
Total governmental activities	$ 17,482,336	$ 2,279,244	$ 361,661	$ 2,302,837	(12,538,594)	(12,538,594)	
Component units:							
Hospital Authority	$ 72,050	$ 13,200	$ -	$ -			$ (58,850)
Health Department	841,145	472,033	457,861	-			88,749
Total component units	$ 913,195	$ 485,233	$ 457,861	$ -			29,899

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

Grady County, Georgia
Balance Sheet
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Total	Component Units
Changes in Net position:							
Net (expenses) revenue (Page 3)					(12,538,594)	(12,538,594)	29,899
General revenues:							
Taxes							
Property taxes, levied for general purposes					8,394,466	8,394,466	-
Sales taxes					3,673,162	3,673,162	-
Alcoholic beverages taxes					88,595	88,595	-
Business taxes					40,304	40,304	-
Penalties and interest on delinquent taxes					143,098	143,098	-
Insurance premium tax					892,671	892,671	-
Franchise taxes					17,984	17,984	-
Investment earnings					12,249	12,249	203
Miscellaneous					253,246	253,246	-
Special item - sale of capital assets					45,324	45,324	-
Total general revenues and special items					13,561,099	13,561,099	203
Change in net position					1,022,505	1,022,505	30,102
Net position - beginning - as previously reported					48,026,081	48,026,081	379,689
Prior period adjustment					354,399	354,399	-
Net position - beginning - as restated					48,380,480	48,380,480	379,689
Net position - ending					$ 49,402,985	$ 49,402,985	$ 409,791

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

Grady County, Georgia
Balance Sheet
Governmental Funds
December 31, 2017

	General	Road Construction Capital Project Fund	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash on hand and in banks	$ 7,948,428	$ 1,197,250	$ -	$ 249,839	$ 9,395,517
Receivables (net, where applicable, of allowances for uncollectible):					
Taxes, including interest, penalties & liens	1,195,200	-	-	-	1,195,200
Accounts	64,629	-	-	52,128	116,757
Due from other funds	200,000	-	-	-	200,000
Due from other governments	257,508	-	-	-	257,508
Prepaid expenses	235,314	-	-	-	235,314
Restricted assets:					
Cash in bank	-	-	665,089	862,626	1,527,715
Sales tax receivable	241,223	-	412,114	-	653,337
Total Assets	$ 10,142,302	$ 1,197,250	$ 1,077,203	$ 1,164,593	$ 13,581,348
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	$ 222,270	$ 97,811	$ 226,229	$ 55,305	$ 601,615
Accrued liabilities	60,859	-	150,009	-	210,868
Due to other funds	400,000	200,000	-	-	600,000
Other payable	185,119	-	-	-	185,119
Total Liabilities	868,248	297,811	376,238	55,305	1,597,602
Deferred Inflows of Resources					
Unavailable Revenues-Property Taxes	758,158	-	-	-	758,158
Total Deferred Inflows of Resources	758,158	-	-	-	758,158
Fund Balances					
Nonspendable prepaid items	235,314	-	-	-	235,314
Restricted for:					
Capital projects	-	899,439	700,965	862,611	2,463,015
Legal Reference Materials	-	-	-	21,233	21,233
Public Safety	-	-	-	225,429	225,429
Public Works	-	-	-	15	15
Unassigned	8,280,582	-	-	-	8,280,582
Total Fund Balances	8,515,896	899,439	700,965	1,109,288	11,225,588
Total Liabilities, deferred inflows of resources and fund balances	$ 10,142,302	$ 1,197,250	$ 1,077,203	$ 1,164,593	$ 13,581,348

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

Grady County, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statements of Net Position
December 31, 2017

Total *fund* balances for governmental funds		$ 11,225,588
Total *net position* reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	5,546,090	
Infrastructure	96,049,032	
Buildings	13,507,452	
Machinery	8,591,142	
Construction in progress	30,914,312	
Total capital assets	154,608,028	
Accumulated depreciation	(93,204,916)	
Total assets - net	61,403,112	61,403,112
Certain property tax revenues are not available to pay for current-period expenditures and therefore are deferred in the funds.		758,260
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		(779,241)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.		
Deferred outflows		113,609
Deferred inflows		(215,502)
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.		194,987
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable (net of unamortized premiums)		(22,690,553)
Lease payable		(449,202)
Compensated absences		(158,073)
Total net position of governmental activities		$ 49,402,985

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

Grady County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Road Construction Capital Project Fund	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 10,566,318	$ -	$ -	$ -	$ 10,566,318
Licenses & Permits	104,990	-	-	-	104,990
Intergovernmental	124,797	2,150,750	2,303,020	150,649	4,729,216
Charges for Services	1,403,724	-	-	455,584	1,859,308
Fines & Forfeitures	398,345	-	-	10,109	408,454
Investment Income	10,391	602	248	2,485	13,726
Contributions	104,887	-	-	-	104,887
Miscellaneous	283,087	-	-	122,424	405,511
Total Revenues	12,996,539	2,151,352	2,303,268	741,251	18,192,410
EXPENDITURES					
Current Operating					
General Government	4,018,716	-	-	901,017	4,919,733
Judicial	990,919	-	-	-	990,919
Public Safety	3,802,638	-	-	197,928	4,000,566
Public Works	2,243,373	-	-	-	2,243,373
Health and Welfare	94,959	-	-	-	94,959
Cultural & Recreation	637,498	-	-	74,791	712,289
Housing and Development	349,685	-	-	-	349,685
Capital Outlay					
General Government	81,159	-	-	-	81,159
Judicial	14,268	-	-	-	14,268
Public Safety	155,443	-	-	108,229	263,672
Public Works	7,243	2,159,786	10,554	67,611	2,245,194
Cultural and Recreation	350,942	-	-	-	350,942
Housing and Development	825	-	-	-	825
Debt Service					
Principal	519,492	44,817	259,053	-	823,362
Interest	-	5,287	839,495	-	844,782
Intergovernmental	-	-	1,172,970	145,536	1,318,506
Total Expenditures	13,267,160	2,209,890	2,282,072	1,495,112	19,254,234
Excess (Deficiency) of Revenues Over Expenditures	(270,621)	(58,538)	21,196	(753,861)	(1,061,824)
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Leases	-	494,018	-	-	494,018
Transfers In	250,000	-	-	525,015	775,015
Transfers Out	(525,000)	(250,015)	-	-	(775,015)
Total Other Financing Sources (Uses)	(275,000)	244,003	-	525,015	494,018
SPECIAL ITEM					
Proceeds from sale of assets	45,324	-	-	-	45,324
Net Change in Fund Balances	(500,297)	185,465	21,196	(228,846)	(522,482)
Fund balances - beginning - as previously reported	9,016,193	713,974	679,769	1,328,326	11,738,262
Prior period adjustment	-	-	-	9,808	9,808
Fund balances - as restated	9,016,193	713,974	679,769	1,338,134	11,748,070
Fund balances - ending	$ 8,515,896	$ 899,439	$ 700,965	$ 1,109,288	$ 11,225,588

The accompanying notes 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 Net Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	$ (522,482)
The change in net position reported for governmental activities in the Statement of Activities is 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 purchase capitalized	2,804,070
Depreciation expense	(2,216,875)
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.	
Loan Proceeds	(494,018)
Debt payments made	823,361
Amortization of bond premiums	59,839
Accrued Interest	97,774
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	270,770
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.	157,379
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditure in governmental funds.	
Change in pension liability	66,488
Compensated absences	(23,801)
Change in net position of governmental activities	$ 1,022,505

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

Grady County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Taxes	$ 10,170,500	$ 10,569,171	$ 10,566,318	$ (2,853)
Licenses & Permits	107,000	107,000	104,990	(2,010)
Intergovernmental	324,794	124,794	124,797	3
Fines, Forfeitures & Penalties	461,200	461,200	398,345	(62,855)
Charges for Services	1,207,000	1,325,000	1,403,724	78,724
Investment Income	5,000	5,000	10,391	5,391
Miscellaneous	152,900	939,416	387,974	(551,442)
Total Revenues	12,428,394	13,531,581	12,996,539	(535,042)
EXPENDITURES				
General Government				
County commissioners	426,354	434,000	430,716	3,284
Registrar	40,611	47,000	43,722	3,278
Elections	20,900	20,900	22,212	(1,312)
Tax Assessor	334,196	286,040	275,594	10,446
Tax Commissioner	247,863	247,863	243,574	4,289
Buildings and Grounds	372,437	460,000	447,813	12,187
General administration	2,324,895	2,344,995	2,273,789	71,206
Interagency	375,154	375,154	362,452	12,702
Total General Government	4,142,410	4,215,952	4,099,872	116,080
Judicial				
Superior court	234,255	282,341	298,239	(15,898)
Clerk of superior court	267,239	267,239	261,120	6,119
State court	95,045	95,045	74,503	20,542
Drug court	2,060	2,060	-	2,060
District attorney	35,316	35,316	35,551	(235)
Juvenile court	25,238	25,238	49,936	(24,698)
Probate court	148,862	148,862	140,976	7,886
Magistrate court	142,496	148,000	144,864	3,136
Total Judicial	950,511	1,004,101	1,005,189	(1,088)
Public Safety				
Sheriff	1,233,867	1,370,000	1,369,378	622
Jail	1,354,646	1,330,000	1,332,074	(2,074)
Fire fighting	275,014	300,000	295,170	4,830
Ambulance services	849,685	920,000	916,225	3,775
Emergency Management	-	-	17,133	(17,133)
Coroner	27,500	27,500	28,102	(602)
Total Public Safety	3,740,712	3,947,500	3,958,082	(10,582)
Public Works				
Roads and bridges	1,220,761	1,480,000	1,469,379	10,621
Solid waste	529,530	559,000	562,370	(3,370)
Shop	232,597	227,597	218,867	8,730
Total Public Works	1,982,888	2,266,597	2,250,616	15,981

Grady County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Health and Welfare				
Health	110,020	99,000	94,959	4,041
Total Health and Welfare	110,020	99,000	94,959	4,041
Housing and development	394,754	361,810	350,510	11,300
Recreation	392,101	380,000	379,193	807
Parks	231,919	619,053	609,247	9,806
Debt Service				
Principal	-	490,947	519,492	(28,545)
Interest	82,000	-	-	-
Total Debt Service	82,000	490,947	519,492	(28,545)
Total Expenditures - All Departments	12,027,315	13,384,960	13,267,160	117,800
Net Excess	401,079	146,621	(270,621)	(417,242)
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt Agreements	84,000	84,000	-	(84,000)
Transfers In (Out)	(497,500)	(274,846)	(275,000)	(154)
Total Other Financing Sources (Uses)	(413,500)	(190,846)	(275,000)	(84,154)
SPECIAL ITEMS				
Proceeds from sale of capital assets	2,500	45,500	45,324	(176)
Total Special Items	2,500	45,500	45,324	(176)
Net Excess after Transfers	$ (9,921)	$ 1,275	$ (500,297)	$ (501,572)

Grady County, Georgia
Statement of Net Position
Internal Service Fund
December 31, 2017

ASSETS	
Cash and cash equivalents	$ 282,051
Due from other funds	400,000
Total Assets	$ 682,051
LIABILITIES	
Accrued expenses	$ 487,064
Total Liabilities	$ 487,064
NET POSITION	
Restricted for:	
Employee Health Program	$ 194,987

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

Grady County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Net Position
Internal Service Fund
For the Year Ended December 31, 2017

	Internal Service Fund
OPERATING REVENUES	
Employee contributions	$ 62,208
Employer contributions	1,406,058
Reinsurance payments	443,910
Total operating revenues	1,912,176
OPERATING EXPENDITURES	
Claims expenses	1,756,659
Total operating expenditures	1,756,659
Net (Expense) Revenue and Changes in Net Position	155,517
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,862
Total non-operating revneues (expenses)	1,862
Change in net position	157,379
Net position - beginning	37,608
Net position - ending	$ 194,987

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

Grady County, Georgia
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2017

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ 1,912,176
Claims and premiums paid	(1,837,584)
Net cash provided (used) by operating activities	74,592
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,862
Net cash provided (used) by investing activities	1,862
Net increase in cash and cash equivalents	76,454
Cash and cash equivalents, beginning of year	362,976
Cash and cash equivalents, end of year	$ 439,430
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVIES:	
Operating income	$ 155,517
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in:	
Accrued expenses	(80,925)
Net cash provided by operating activities	$ 74,592

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

Grady County, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

ASSETS	
Cash and cash equivalents	$ 4,292,157
Property tax receivable	2,577,947
Total Assets	$ 6,870,104
LIABILITIES	
Due to others	$ 4,292,157
Uncollected taxes	2,577,947
Total Liabilities	$ 6,870,104

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

Grady County, Georgia
Statement of Net Position
Component Units
December 31, 2017

	Hospital Authority	Health Department	Totals
Assets			
Current Assets			
Cash	$ 93,746	$ 379,640	$ 473,386
Due from other governments	-	113,045	113,045
Total Current Assets	93,746	492,685	586,431
Capital Assets - Net	625,459	22,600	648,059
Total Assets	719,205	515,285	1,234,490
Deferred Outflows of Resources			
Deferred pension cost	-	162,235	162,235
Total deferred outflows of resources	-	162,235	162,235
Total assets and deferred outflows	$ 719,205	$ 677,520	$ 1,396,725
Liabilities			
Accounts payable	$ -	$ 51,307	$ 51,307
Due to other governments	-	29,195	29,195
Long-term liabilities			
Net pension liability	-	843,528	843,528
Compensated absences	-	34,020	34,020
Total liabilities	-	958,050	958,050
Deferred inflows of resources			
Pensions	-	28,884	28,884
Total deferred inflows of resources	-	28,884	28,884
Net position:			
Net investment in capital assets	625,459	22,600	648,059
Restricted for:			
Public services	-	308,817	308,817
Unrestricted	93,746	(640,831)	(547,085)
Total net position	719,205	(309,414)	409,791
Total liabilities and net position	$ 719,205	$ 677,520	$ 1,396,725

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

Grady County, Georgia
Statement of Activities
Component Units
For the Year Ended December 31, 2017

Activities:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Hospital Authority	Net (Expenses) Revenues and Changes in Net Position: Health Department	Net (Expenses) Revenues and Changes in Net Position: Total
Component units:							
Hospital Authority	$ 72,050	$ 13,200	$ -	$ -	$ (58,850)	$ -	$ (58,850)
Health Department	841,145	472,033	457,861	-	-	88,749	88,749
Total component units	$ 913,195	$ 485,233	$ 457,861	$ -	(58,850)	88,749	29,899
General Revenues:							
Investment					203	-	203
Total General Revenues					203	-	203
Change in Net Position					(58,647)	88,749	30,102
Net position - beginning					777,852	(398,163)	379,689
Net position - ending					$ 719,205	$ (309,414)	$ 409,791

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

NOTES TO THE 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.

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, 2017. 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 statement

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, 2017, the County does not maintain any proprietary funds.

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).

The *Road Construction Capital Project Fund* is used to account for financial resources for the construction and maintenance of road projects in the County. These projects are financed through various grants proceeds.

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.

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 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.

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 item 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.

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 No. 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.

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, 2017, 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, 2017, the County adopted seven new statements issued by GASB as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*

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.

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. 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.

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 decreased 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.

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. 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. 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* ("GASB 88"), establishes criteria to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB 89"), addresses issues regarding (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Subsequent Events

Subsequent events were evaluated through June 30, 2018 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 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 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.

Excess of Expenditures Over Appropriations

There were several line items over budget in various General Fund departments. The County failed to adopt a budget for the Law Library and Friends Against Drugs Squad Special Revenue Funds for the year ended December 31, 2017.

NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2017 are summarized as follows:

Primary Government		
Amounts as presented on the entity-wide Statement of Net Position:		
Cash and cash equivalents	$	9,677,668
Restricted cash and cash equivalents		1,527,712
Amounts as presented on the Statement of Fiduciary Assets and Liabilties:		
Cash and cash equivalents		4,292,157
Total	$	15,497,537
Deposits with financial institutions	$	15,497,537
Component Unit - Hospital Authority		
Cash and cash equivalents	$	93,746
Deposits with finanical institutions	$	93,746
Component Unit - Health Department		
Cash and cash equivalents	$	379,640
Deposits with finanical institutions	$	379,640

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, 2017, the bank balance was $16,486,122. Of the bank balance, $16,486,122 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 2017 year tax levy, was mailed in October 2017. 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, 2017 for the County's individual major funds, non-major funds, and fiduciary funds in the aggregate are as follows:

	General Fund	Capital Projects Fund	Governmental Funds	Total
Property tax receivable	$ 1,195,200	$ -	$ -	$ 1,195,200
Sales tax receivable	241,223	412,114	-	653,337
Accounts receivable	64,629	-	52,128	116,757
Net total receivables	$ 1,501,052	$ 412,114	$ 52,128	$ 1,965,294

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of December 31, 2017 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 the first of every month.

Due from	2017
Grady County Joint Development Authority	$ 257,508
Total due from other governments	$ 257,508

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, 2017 is as follows:

Fund	Due From	Due To
General Fund	$ 200,000	$ 400,000
Interal Service Fund	400,000	-
Road Construction Capital Project Fund	-	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. The following transfers were made:

- $14.56 was transferred from Road Construction Capital Projects fund to the CDBG capital projects fund for financial accountably purposes.
- $250,000 was transferred from Road Construction Capital Projects fund to the General Fund to reimburse for construction expenses paid by the General Fund in current and previous years.
- $525,000 was transferred from the General Fund to the E-911 fund for operating purposes.

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2017:

Primary Government

Governmental activities:

Governmental activities:		Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:					
Land		$ 5,546,090	$ -	$ -	$ 5,546,090
Construction in Progress	*	30,012,835	943,173	(41,696)	30,914,312
Total capital assets, not being depreciated		35,558,925	943,173	(41,696)	36,460,402
Capital assets being depreciated:					
Buildings		13,352,016	155,437	-	13,507,453
Machinery and Equipment	***	7,747,982	843,160	-	8,591,142
Roads and Bridges	**	95,145,034	903,998	-	96,049,032
Total capital assets being depreciated		116,245,032	1,902,595	-	118,147,627
Less accumulated depreciation:					
Buildings	**	(7,577,361)	(368,956)	-	(7,946,317)
Machinery and Equipment	***	(5,176,438)	(435,124)	-	(5,611,562)
Roads and Bridges	**	(78,234,242)	(1,412,796)	-	(79,647,038)
Total accumulated depreciation		(90,988,041)	(2,216,876)	-	(93,204,917)
Total capital assets, being depreciated, net		25,256,991	(314,281)	-	24,942,710
Governmental activities capital assets, net		$ 60,815,916	$ 628,892	$ (41,696)	$ 61,403,112

* Corrected the beginning balance that were misstated for CIP of $80,758, Machinery and Equipment of $36,337, and Accumulated Depreciation for Machinery and Equipment of $256,041.
** Corrected the beginning balance between line items.
*** Both of the above applies.

Depreciation Expense was charged to functions as follows: Governmental Activities

General Government	$ 136,701
Public Safety	356,797
Public Works	1,624,198
Recreation	92,658
Housing and Development	6,522
Total Governmental Activities Depreciation Expense	$ 2,216,876

Component Units

Health Department

Capital asset activity for the Grady County Health Department, a discretely presented component unit, for the year ended June 30, 2017 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balances
Other capital assets:				
Machinery and Equipment	$ 77,816	$ 22,600	$ -	$ 100,416
Total other capital assets at cost	77,816	22,600	-	100,416
Less accumulated depreciation for:				
Machinery and Equipment	(77,816)	-	-	(77,816)
Total accumulated depreciation	(77,816)	-	-	(77,816)
Other capital assets, net				
Total capital assets, net	-	22,600	-	22,600
Governmental activities capital assets, net	$ -	$ 22,600	$ -	$ 22,600

Capital asset activity for the Grady County Hospital Authority, a discretely presented component unit, for the year ended December 31, 2017 is as follows:

Hospital Authority

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	$ 58,592	$ -	$ -	$ 58,592
Total capital assets, not being depreciated	58,592	-	-	58,592
Other capital assets:				
Buildings	3,804,468	-	-	3,804,468
Total other capital assets at cost	3,804,468	-	-	3,804,468
Less accumulated depreciation for:				
Machinery and Equipment	(3,168,919)	(68,682)	-	(3,237,601)
Total accumulated depreciation	(3,168,919)	(68,682)	-	(3,237,601)
Other capital assets, net				
Total capital assets, net	635,549	(68,682)	-	566,867
Governmental activities capital assets, net	$ 694,141	$ (68,682)	$ -	$ 625,459

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, 2017 is as follows:

Fund and Description	Orginal Amount	Interest Rate	Maturity Date	Amount
South Georgia Governmental Services Authority Revenue Bond, Series 2010	$ 14,940,000	various	2030	$ 12,760,000
Grady County Lake Authority Revenue Bond, Series 2015	8,795,000	various	2040	8,795,000
Bond premiums				1,135,553
Less current portion				(775,000)
Total	$ 23,735,000			$ 21,915,553

The annual debt service requirement to maturity of the bonds at December 31, 2017 is as follows:

Year Ending December 31	Principal	Interest	Total
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	885,000	791,969	1,676,969
2023-2027	5,025,000	3,369,188	8,394,188
2028-2032	5,075,000	2,224,313	7,299,313
2033-2037	4,275,000	1,355,063	5,630,063
2038-2040	3,030,000	308,000	3,338,000
Total	$ 21,555,000	$ 11,489,957	$ 33,044,957

Capital Leases

Grady County, Georgia has four lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Debt service requirements on capital leases as of December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 119,965	$ 10,844	$ 130,809
2019	123,362	7,446	130,808
2020	121,154	3,958	125,112
2021	76,079	1,176	77,255
2022	8,642	34	8,676
Total	$ 449,202	$ 23,458	$ 472,660

The following is a summary of capitalized lease obligations:

Purpose	Original Amounts	Payment Amounts	Interest Rate	Payments	Minimum Lease Payments	Net Present Value
Santander Bank N.A. Capital lease purchase contract for purchase of 2018 International Dump Truck	$ 107,373	$ 2,375	2.95%	48	$ 109,250	$ 103,146
Caterpillar Financial Service Corp Capital lease purchase contract for purchase of 12M Motor Grader F9F00823	101,000	2,948	3.25%	36	100,443	95,825
BancorpSouth Equipment Financial Capital lease purchase contract for purchase of RoadHog RH48200 Cold Planer	122,425	2,685	2.54%	48	115,454	110,244
BancorpSouth Equipment Financial Capital lease purchase contract for purchase of 2014 John Deere 670G Motor Grader	163,200	$ 2,892	2.44%	60	147,513	139,987
Totals	$ 493,998				$ 472,660	$ 449,202

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	$ 494,018
Less: accumulated depreciation	(27,277)
Total	$ 466,741
Current FY Depreciation	$ 27,277

Changes in Long-Term Liabilities

The following is a summary of the activity in long term-liabilities for the year ended December 31, 2017:

		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Revenue Bonds:						
SGGSA Revenue Bond Series 2010		$ 13,510,000	$ -	$ (750,000)	$ 12,760,000	$ 775,000
GCLA Revenue Bond Series 2015		8,795,000	-	-	8,795,000	-
Plus deferred amounts for issuance premiums		1,195,392	-	(59,839)	1,135,553	-
Total bonds payable		23,500,392	-	(809,839)	22,690,553	775,000
Capital leases payable	*	28,545	494,018	(73,361)	449,202	119,965
Compensated absences		134,271	155,588	(131,786)	158,073	-
Governmental activities long-term liabilities		$ 23,663,208	$ 649,606	$ (1,014,986)	$ 23,297,828	$ 894,965

Compensated absences are generally liquidated by the General Fund.

*Beginning balance restated due to a prior year lease that was omitted. See note 17 for more detail.

Component Units

The activity in long-term liabilities for the Grady County Health Department, a discretely presented component unit, for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit					
Health Department					
Governmental activities					
Compensated absences	$ 36,087	$ -	$ (2,067)	$ 34,020	$ 3,402
Long-term liabilities	$ 36,087	$ -	$ (2,067)	$ 34,020	$ 3,402

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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, 2017 include:

Capital Projects Funds		
Reserved for specific purposes to reflect		
Resources funded by Special Purpose		
Local Option Sales Tax,		
Federal grants and capital projects	$	700,965
Legal Reference Materials	$	21,233
Public Safety	$	225,430

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

Effective January 1, 1991, amended February 22, 1995, amended and restated January 1, 2000, July 1, 2012, the County participates in the following

Defined Benefit Pension Plan:

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 from GEBCorp, 191 Peachtree Street NE, Suite 700, 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 .50% of average annual compensation up to $6,600 plus 1.00% 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 January 1, 2017, employee membership data related to the plan was as follows:

Retirees, beneficiaries and disables receiving benefits	32
Terminated plan participants entitled to but not yet receiving benefits	48
Active employees participating in the plan	72
Total number of plan partifipants	152

Statement of Net Fiduciary Net Position

Market Value of Assets		
Cash & Cash Equivalent.	$	245,251
Bonds		-
Fixed Interest Insurance Account		26,364
Marketable Securities		3,476,613
Total	$	3,748,228
Receivable		
Employer Contributions	$	-
Employee Contributions		87,778
Due From Insurance Pool		-
Accrued Interest Income		4,308
Total	$	92,086
Liabilities		
Administrative Expenses	$	15,216
Accrued Investment Fee		3,916
Accrued Auditing Fees		-
Payable to Insurance Pool		-
Total	$	19,132
Fiduciary Net Position	$	3,859,446

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Statement of Changes in Fiduciary Net Position

Additions	
Asset Transfer	$ -
Employer Contributions	97,441
Employee Contributions	87,778
Net Investment Income	520,980
Employee Contribution - BuyBack	-
Total Additions	$ 706,199
Deductions	
Investment Expense	$ 16,618
Administrative Expenses	15,391
Benefit Payments	163,630
Post-Reitrement Death Benefit Expense	19,419
Pre-Reitrement Death Benefit Expense	6,468
Transfer to Successor Plans	-
Refund of Employee Contributions	3,004
Total Deductions	$ 224,530
Net Increase (Decrease) in Fiduciary Net Position	$ 930,729
Net Position Held in Trust for Pension Benefits	
Beginning of year	$ 3,339,513
End of year	$ 3,821,182
Money weighted rates of return	16.67%

Net Position Restricted for Pensions

Fiduciary Net Position	$ 3,821,182
Deferred Outflow of Resources	384,938
Deferred Inflow of Resources	(582,567)
Net Position Restricted for Pensions	$ 4,018,811

Summary of Significant Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by this Plan.

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 70% equities and 30% fixed income securities on a cost basis.

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.

Actuarial assumptions

The total pension liability as of December 31, 2017 was determined by an actuarial valuation as of January 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Year Ending December 31	2017
Valuation date	January 1, 2017
Measurement date	December 31, 2017
Inflation	N/A
Salary increases including inflation	4.0%-5.5% Actuarial
Actuarial cost method	Entry Age Normal

Future salary increase is based on results of February, 2014 experience study.

Mortality rates were based on the RP-2000 Mortality Table with Scale AA to 2017. Disability rates were based on Social Security standard rates derived from a 1977 Social Security Administration Study.

- Projected assets are sufficient to pay all projected benefits promised to current plan participants.
- In projecting plan assets, the assumed contribution was based on the average contribution made to the plan over the prior five years.
- The expected long-term rate of return (7.25%) was used to discount all projected benefit payments. The expected long-term rate of return of 7.25% has been in effect since December 31, 2016.

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%	

Discount rate

The discount rate used to measure the total pension liability was 7.25%, revised to 7.16% at December 31, 2017. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as the forward-looking capital market assumptions for a moderate asset allocation (33.34%), 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.

Building block expected return based on 20-year benchmarks.	6.82%
Building block expected return based on 30-year benchmarks.	8.28%
UBS capital market assumption for a moderate asset allocation.	6.40%
20-year building blocks return (6.82% x .3333):	2.27%
30-year building blocks return (8.28% x .3333):	2.76%
UBS capital market assumption for a moderate asset allocation (6.40% x .3334):	2.13%
Discount Rate (rounded to the nearest .25%):	7.16%
	7.25%

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 as of December 31, 2016	$ 4,767,653	$ 3,339,513	$ 1,428,140
Changes for the year:			
Service cost	98,299	-	98,299
Interest	345,655	-	345,655
Liabiltiy experience (gain)/Loss	(447,837)	-	(447,837)
Assumption change	9,327	-	9,327
Employer contributions	-	97,441	(97,441)
Employee contributions	-	87,778	(87,778)
Net investment income	-	520,980	(520,980)
Benefit payments*	(172,674)	(166,634)	(6,040)
Administrative expense		(15,391)	15,391
Other		(42,505)	42,505
Net changes	(167,230)	481,669	(648,899)
Balance as of December 31 , 2017	$ 4,600,423	$ 3,821,182	$ 779,241

*Includes refunds of employee contributions totaling $3,004.

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 Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	$ 5,233,255	$ 4,600,423	$ 4,075,125
Fiduciary net position	3,821,182	3,821,182	3,821,182
Net pension liability	$ 1,412,073	$ (3,821,182)	$ 253,943

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, 2017, the County recognized pension expense of $126,689 consisting of the following:

Service cost	$ 98,299
Interest on TPL	339,615
Amortization of:	
Liability experience (gain)/loss	(82,038)
Change in assumption	49,254
Assets (gain)/loss	3,044
Employee contributions	(87,778)
Projected earnings on plan investments	(234,985)
Administration expense	15,391
Other change in FNP	25,887
Total expense	$ 126,689

At December 31, 2017, 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
Demographic gain / loss	$ 215,502	$ -
Net difference in projected and actual earnings on pension plan investments	-	(113,609)
Total	$ 215,502	$ (113,609)

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, 2017 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 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 discount rate used to measure the total pension liability was 5.12%. The projection of cash flows used to determine the discount rate assumed that plan member contributions (dues) will be made at the current contribution rate ($45 per month) and that Employer contributions (from fines and fee revenues) will continue to be made at rates of approximately $2.0 million and we have assumed this contribution amount will continue over the projection period.

Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be depleted in 2040. Therefore, based on the GASB 67 provisions, the long-term expected rate of return on pension plan investments of 6.50% was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments on or after 2040. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payment streams was determined to be 5.12%. Therefore, the discount rate used to measure the Total Pension Liability was 5.12%.

Net Pension Liability

At June 30, 2017, 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 $308,677 as of June 30, 2017.

Pension Expense

For the year ended June 30, 2016, the County recognized pension expense related to the SRFG of $54,144 and revenue of $54,144 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 qualifying peace officers. Members of the POABFG are employed by units of government throughout the State of Georgia. The Fund is funded by member and nonemployer contributing entity (Nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly. Each member must contribute $20 per month. 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, 2017 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	2.50%
Salary increases	n/a
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014, Combined

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 6.50% 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 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 December 31, 2017, 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 $4,630 as of December 31, 2017.

Pension Expense

For the year ended December 31, 2017, the County recognized pension expense related to the POABFG of $3,679 and revenue of $3,679 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. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov.
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, 2017 was 24.69% 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, 2017 were $104,790 based on qualifying salaries of $439,470.

GASB 68 Implementation

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

Contributions made during the measurement period (fiscal year ended June 30, 2016) were $102,493.

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

Employer's proportionate share of net pension liability	$ 843,528
Employer's proportion of net pension liability	0.017832%
Increase/(Decrease) from proportion measured as of June 30, 2015	-0.001089%
Employer's recognized expense	$ 88,403

	Deferred Outflows of Resources	Deferred Inflows of Resources
Diffeences between expected and actual experience	$ -	$ 1,948
Changes of assumptions	7,145	-
Net difference between projected and actual earnings on pension plan investments	85,763	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	19,252	26,936
Employer Contributions subsequent to the measurement date	50,075	-
	$ 162,235	$ 28,884

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:	
2018	$ 7,156
2019	857
2020	46,239
2021	28,664
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of June 30, 2016, was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25-7.00%, including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward two (2) years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disability Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back seven (7) years for males and set forward three (3) years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates

of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July I, 2009-June 30, 2014.

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 State of Georgia 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net liability	$ 1,143,137	$ 843,528	$ 588,202

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.**

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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, 2017, 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, 2016, and 2017.

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 $16,357. 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.

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.

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NOTE 17 – PRIOR PERIOD ADJUSTMENT

Beginning net assets was restated by $9,808 to record “Friends Against Drugs” Fund that has was not reported in prior years.

Multiple prior period adjustments were made to Capital Assets resulting in the restatement of net position by $373,135.

A prior period adjustment was made to record a lease agreement the county entered into in 2016 for the purchase of a mini-excavator from South Georgia Tractor resulting in a prior period adjustment of $28,545.

	Governmental Activites	Friends Against Drugs Squad Special Revenue Fund
Beginning net position, January 1, 2017, as previously reported	$ 48,026,081	$ -
Prior Period entry for adjustments made to Capital Assets	373,136	-
Prior Period entry to book lease payment County entered into in 2016	(28,545)	-
Prior Period entry to book beginning balance in Friends Against Drugs Squad Fund	9,808	9,808
Total Prior Period Adjustment	354,399	9,808
Beginning net position, January 1, 2017, as restated	$ 48,380,480	$ 9,808

NOTE 18 - SPECIAL ITEM-SALES OF CAPITAL ASSETS

During the year ended December 31, 2017, the County sold a small asset and timber, which were transactions the County considers infrequent in occurrence. The County has reported these transactions as special items in the government-wide financial statements as required by GASB 34, paragraph 56. In governmental funds, these transactions consisted of the disposition of a small piece of surplus equipment for $75 and timber for $45,249.

NOTE 19 – CHANGE OF ACCOUNTING ENTITY

During the year ended December 31, 2017, the County reported the following accounting entity change. The Multiple Grants Special Revenue Fund had been reporting revenues and expenditures of various capital grants restricted for road improvements. The county has decided it would be more appropriate to report this activity in what is now titled the Road Construction Capital Projects Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Grady County, Georgia
Required Supplementary Information - Pension Plan
December 31, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
Total Pension Liability as of beginning of year	$ 4,767,653	$ 4,208,584	$ 3,827,758
Service cost	98,299	115,821	115,172
Interest	339,615	315,644	282,021
Plan change	-	-	-
Assumption change	9,327	150,365	148,999
Benefit payments (adjusted for interest)	(166,634)	(144,305)	(134,961)
Experience (gain)/(loss)	(447,837)	121,544	(30,405)
Total Pension Liability as of December 31, 2017	$ 4,600,423	$ 4,767,653	$ 4,208,584
Fiduciary Net Position as of beginning of year	$ 3,339,513	$ 3,097,059	$ 3,029,546
Employer contributions	97,441	158,395	144,282
Employee contributions (including buyback)	87,778	80,436	83,706
Net investment income	520,980	215,740	19,214
Benefit payments	(166,634)	(139,089)	(134,961)
Employee contribution refunds	-	-	-
Administrative expense	(15,391)	(19,886)	(16,465)
Other	(42,505)	(53,142)	(28,263)
Fiduciary Net Position as of December 31, 2017	$ 3,821,182	$ 3,339,513	$ 3,097,059
Net position liability as of beginning of year	$ 1,428,140	$ 1,111,525	$ 798,212
Net pension liability as of end of year	$ 779,241	$ 1,428,140	$ 1,111,525
Fiduciary Net Position as a percentage of Total Pension Liability	83.1%	70.0%	73.6%
Covered-employee payroll	$ 2,492,519	$ 2,703,699	$ 2,675,452
Net pension liability as a percentage of covered-employee payroll	31.3%	52.8%	41.5%

Note: This schedule will present 10 years of information once the data is available.

Grady County, Georgia
Required Supplementary Information - Pension Plan
December 31, 2017

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN

	2017	2016	2015	2014
Actuarially determined contribution	$ 101,955	$ 158,395	$ 144,282	$ 139,137
Contribution in relation to the actuarially determined contribution	97,441	158,395	144,282	139,137
Contribution deficiency (excess)	$ 4,514	$ -	$ -	$ -
Covered-employee payroll	$ 2,492,519	$ 2,703,699	$ 2,675,452	$ 3,089,928
Contributions as a percentage of covered-employee payroll	3.9%	5.9%	5.4%	4.5%

Notes to Schedule:

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Asset valuation method	Smoothed market value
Salary increases	4%-5.5%
Investment rate of return	7.25%
Retirement:	Probability of Retirement
age 55 to 60	10%
ages 61 to 64	20%
age 65 to age 69	30%
age 70	100%
Mortality	RP-2000 projected with Scale AA to 2017

Grady County, Georgia
Required Supplementary Information - Pension Plan
December 31, 2017

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES - COST-SHARING MULTIPLE-EMPLOYER PENSION PLANS

	2017	2016	2015
Sheriff's Retirement Fund of Georgia			
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	$ 308,677	$ 402,696	$ 124,539
County's covered-employee payroll	n/a	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	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	65.34%	56.67%	80.25%
Peace Officers' Annuity and Benefit Fund of Georgia			
County's proportion of the net pension liability	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with the County	$ 4,630	$ 17,973	$ (33,226)
County's covered-employee payroll	n/a	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	n/a
Plan fiduciary net pension as a percentage of the total pension liability	101.62%	92.18%	103.75%

Note: This schedule will present 10 years of information once the data is available.

SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Grady County, Georgia

For the Year Ended December 31, 2017

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Law Library – This fund provides for the operation and maintenance of the County's Law Library.

Emergency 911 – This fund is used to account for the fee collection and the operation of the Emergency 911 system within the County.

Confiscated Assets – This fund is used to account for the government's share of monies that have been forfeited through the court system that are legally restricted for law enforcement purposes.

Drug Abuse – This fund is used to account for the drug abuse fees that are restricted for specific purposes.

Friends Against Drugs Squad Fund – This fund is used to account for revenues and expenditures of the Fund.

Grady County, Georgia
Combining Balance Sheet
Non-Major - Special Revenue Funds
December 31, 2017

	Special Revenue Funds	CDBG Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Totals
Assets				
Cash in bank	$ 249,839	$ -	$ -	$ 249,839
Accounts receivable	52,128	-	-	52,128
Restricted cash	-	15	862,611	862,626
Total Assets	$ 301,967	$ 15	$ 862,611	$ 1,164,593
Liabilities & Fund Balances				
Liabilities				
Accounts payable	$ 55,305	$ -	$ -	$ 55,305
Total Liabilities	55,305	-	-	55,305
Fund Balances				
Restricted for:				
Capital projects funds	-	-	862,611	862,611
Legal Reference Materials	21,233	-	-	21,233
Public Safety	225,429	-	-	225,429
Public Works	-	15	-	15
Total Fund Balances	246,662	15	862,611	1,109,288
Total Liabilities and Fund Balance	$ 301,967	$ 15	$ 862,611	$ 1,164,593

Grady County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major - Special Revenue Funds
For the Year Ended December 31, 2017

	Special Revenue Funds	CDBG Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Totals
Revenues				
Fines	$ 10,109	$ -	$ -	$ 10,109
Charges for Services	455,584	-	-	455,584
Intergovernmental	83,038	67,611	-	150,649
Interest	1,295	-	1,190	2,485
Miscellaneous	85,639	-	36,785	122,424
Total Revenues	635,665	67,611	37,975	741,251
Expenditures				
Current				
General Government	901,017	-	-	901,017
Public Safety	197,928	-	-	197,928
Culture and Recreation	-	-	74,791	74,791
Capital Outlay				
Public Safety	34,791	-	73,438	108,229
Public roads & bridges	-	67,611	-	67,611
Culture and Recreation	-	-	-	-
Intergovernmental	-	-	145,536	145,536
Total Expenditures	1,133,736	67,611	293,765	1,495,112
Excess (deficiency) of revenues over expenditures	(498,071)	-	(255,790)	(753,861)
Other Financing Sources				
Transfers in	525,000	15	-	525,015
Total other financing sources	525,000	15	-	525,015
Net Change in Fund Balance	26,929	15	(255,790)	(228,846)
Fund balance - beginning - as previously reported	209,925	-	1,118,401	1,328,326
Prior period adjustment	9,808	-	-	9,808
Fund balance - beginning - as restated	219,733	-	1,118,401	1,338,134
Fund balance - ending	$ 246,662	$ 15	$ 862,611	$ 1,109,288

Grady County, Georgia
Combining Balance Sheet
Non-Major - Special Revenue Funds
December 31, 2017

	Law Library Fund	E-911 Fund	Confiscated Assets Fund	Drug Abuse & Treatment Fund	Friends Against Drugs Squad Fund	Totals
Assets						
Cash in bank	$ 21,233	$ 88,370	$ 26,958	$ 105,869	$ 7,409	$ 249,839
Accounts receivable	-	52,128	-	-	-	52,128
Total Assets	$ 21,233	$ 140,498	$ 26,958	$ 105,869	$ 7,409	$ 301,967
Liabilities & Fund Balances						
Liabilities						
Accounts payable	$ -	$ 27,999	$ -	$ 27,306	$ -	$ 55,305
Total Liabilities	-	27,999	-	27,306	-	55,305
Fund Balances						
Restricted for:						
Legal Reference Materials	21,233	-	-	-	-	21,233
Public Safety	-	112,499	26,958	78,563	7,409	225,429
Total Fund Balances	21,233	112,499	26,958	78,563	7,409	246,662
Total Liabilities and Fund Balance	$ 21,233	$ 140,498	$ 26,958	$ 105,869	$ 7,409	$ 301,967

Grady County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major - Special Revenue Funds
For the Year Ended December 31, 2017

	Law Library Fund	E-911 Fund	Confiscated Assets Fund	Drug Abuse & Treatment Fund	Friends Against Drugs Squad Fund	Totals
Revenues						
Fines	$ 10,109	$ -	$ -	$ -	$ -	$ 10,109
Charges for Services	-	453,031	-	2,553	-	455,584
Intergovernmental	-	-	-	83,038	-	83,038
Interest	40	729	73	453	-	1,295
Miscellaneous	-	-	9,248	74,891	1,500	85,639
Total Revenues	10,149	453,760	9,321	160,935	1,500	635,665
Expenditures						
Current						
General Government	13,095	887,922	-	-	-	901,017
Public Safety	-	-	-	194,029	3,899	197,928
Capital Outlay						
Public Safety	-	-	34,791	-	-	34,791
Total Expenditures	13,095	887,922	34,791	194,029	3,899	1,133,736
Excess (deficiency) of revenues over expenditures	(2,946)	(434,162)	(25,470)	(33,094)	(2,399)	(498,071)
Other Financing Sources						
Transfers in	-	525,000	-	-	-	525,000
Total other financing sources	-	525,000	-	-	-	525,000
Net Change in Fund Balance	(2,946)	90,838	(25,470)	(33,094)	(2,399)	26,929
Fund balance - beginning - as previously reported	24,179	21,661	52,428	111,657	-	209,925
Prior period adjustment	-	-	-	-	9,808	9,808
Fund balance - beginning - as restated	24,179	21,661	52,428	111,657	9,808	219,733
Fund balance-ending	$ 21,233	$ 112,499	$ 26,958	$ 78,563	$ 7,409	$ 246,662

Grady County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Law Library - Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Fines & forfeitures	$ -	$ -	$ 10,109	$ 10,109
Interest	-	-	40	40
Total Revenues	-	-	10,149	10,149
Expenditures				
Court System	-	-	13,095	(13,095)
Total Expenditures	-	-	13,095	(13,095)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2,946)	(2,946)
Fund balance - beginning	24,179	24,179	24,179	-
Fund balance - ending	$ 24,179	$ 24,179	$ 21,233	$ (2,946)

Grady County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
E-911 - Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Charges for Services	$ -	$ 445,200	$ 453,031	$ 7,831
Interest	-	800	729	(71)
Total Revenues	-	446,000	453,760	7,760
Expenditures				
Public Safety	-	971,000	887,922	83,078
Total Expenditures	-	971,000	887,922	83,078
Excess (Deficiency) of Revenues Over Expenditures	-	(525,000)	(434,162)	90,838
Other Financing Sources				
Transfers In	-	525,000	525,000	-
Total Other Financing Sources	-	525,000	525,000	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	-	-	90,838	90,838
Fund balance - beginning	21,661	21,661	21,661	-
Fund balance - ending	$ 21,661	$ 21,661	$ 112,499	$ 90,838

Grady County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Confiscated Assets - Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Interest	$ -	$ 100	$ 73	$ (27)
Miscellaneous	-	34,900	9,248	(25,652)
Total Revenues	-	35,000	9,321	(25,679)
Expenditures				
Public Safety	-	35,000	34,791	209
Total Expenditures	-	35,000	34,791	209
Excess (Deficiency) of Revenues Over Expenditures	-	-	(25,470)	(25,470)
Fund balance - beginning	52,428	52,428	52,428	-
Fund balance - ending	$ 52,428	$ 52,428	$ 26,958	$ (25,470)

Grady County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drug Abuse & Treatment - Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Charges for services	$ -	$ 3,750	$ 2,553	$ (1,197)
Intergovernmental	-	84,000	83,038	
Interest	-	-	453	453
Miscellaneous	200	80,000	74,891	(5,109)
Total Revenues	200	167,750	160,935	(5,853)
Expenditures				
Public Safety	42,760	167,750	194,029	(26,279)
Total Expenditures	42,760	167,750	194,029	(26,279)
Excess (Deficiency) of Revenues Over Expenditures	(42,560)	-	(33,094)	(32,132)
Fund balance - beginning	111,657	111,657	111,657	-
Fund balance - ending	$ 69,097	$ 111,657	$ 78,563	$ (33,094)

Grady County, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Friends Against Drugs Squad Fund - Special Revenue Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Miscellaneous	$ -	$ -	$ 1,500	$ 1,500
Total Revenues	-	-	1,500	1,500
Expenditures				
Public Safety	-	-	3,899	(3,899)
Total Expenditures	-	-	3,899	(3,899)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2,399)	(2,399)
Fund balance - beginning - as originally reported	-	-	-	-
Prior period adjustment	9,808	9,808	9,808	-
Fund balance - beginning - as restated	9,808	9,808	9,808	-
Fund balance - ending	$ 9,808	$ 9,808	$ 7,409	$ (2,399)

Grady County, Georgia
For the Year Ended December 31, 2017

FIDUCIARY FUNDS

Grady County, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2017

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Totals
Assets						
Restricted assets:						
Cash and cash equivalents	$ 65,729	$ 10,099	$ 4,152,368	$ 26,156	$ 37,805	$ 4,292,157
Property tax receivable	-	-	2,577,947	-	-	2,577,947
Total assets	$ 65,729	$ 10,099	$ 6,730,315	$ 26,156	$ 37,805	$ 6,870,104
Liabilities						
Due to others	$ 65,729	$ 10,099	$ 4,152,368	$ 26,156	$ 37,805	$ 4,292,157
Uncollected taxes	-	-	2,577,947	-	-	2,577,947
Total liabilities	$ 65,729	$ 10,099	$ 6,730,315	$ 26,156	$ 37,805	$ 6,870,104

STATE REPORTING REQUIREMENTS

Grady County, Georgia
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2017

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):		
	__X__ Special Revenue Fund ____ Enterprise Fund		
	Expenditures (UCOA Activity 3800)		
2	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ _____
	_____		$ _____
	_____		$ _____
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	$ _____
3b	Purchase costs	46-5-134(f)(1)(A)	$ _____
3c	Maintenance costs	46-5-134(f)(1)(A)	$ _____
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ _____
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	$ _____
5b	Employee benefits	46-5-134(f)(1)(C)	$ _____
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ _____
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$ _____
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	$ _____
8b	Purchase costs	46-5-134(f)(1)(F)	$ _____
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	$ _____
9b	Purchase costs	46-5-134(f)(1)(G)	$ _____
9c	Maintenance costs	46-5-134(f)(1)(G)	$ _____

Grady County, Georgia
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2017

10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$	
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:			
11a	Lease costs	46-5-134(f)(1)(I)	$	
11b	Purchase costs	46-5-134(f)(1)(I)	$	
11c	Maintenance costs	46-5-134(f)(1)(I)	$	
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$	
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center			
13a	Lease costs	46-5-134(f)(2(B)(ii)	$	
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$	
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$	
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$	
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations			
15a	Lease costs	46-5-134(f)(2(B)(iv)	$	
15b	Purchase costs	46-5-134(f)(2(B)(iv)	$	
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	$	
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems			
16a	Lease costs	46-5-134(f)(2(B)(v)	$	
16b	Purchase costs	46-5-134(f)(2(B)(v)	$	
16c	Maintenance costs	46-5-134(f)(2(B)(v)	$	

17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	Intergovernmental Contract	$	887,811
	General Supplies and Materials	$	111

Grady County, Georgia
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2017

	_____	$	_____
	_____	$	_____
	_____	$	_____
	_____	$	_____
	_____	$	_____
	_____	$	_____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	$	887.922

Reconciling Note:

Non-Allowable Items		
Professional Fees		0
Total Expenditures on Combining Statement of Revenues, Expenditures & Changes in Fund Balance	$	887.922

Non-allowable expenditures were paid with funds transferred into the E-911 Fund from the General Fund.

Certification of Local Government Officials

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

Signature of Chief Elected Official Ray Prince Date June 30, 2018

Print Name of Chief Elected Official Ray Prince

Title of Chief Elected Official Chairman, Grady Co.

Signature of Chief Financial Officer Donna Johnson Date June 30, 2018

Print Name of Chief Financial Officer Donna Johnson

Grady County, Georgia
Schedule of Special Purpose
Local Option Sales Tax - 2013-2019
For the Year Ended December 31, 2017

Project	Original Estimated Cost	Expenditure			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Special Purpose Local Option Sales Tax - 2007					
County roads, streets and bridges	$ 6,032,550	$ 13,427,788	$ -	$ 13,427,788	222.59%
Grady County Volunteer Fire Department	250,000	136,168	73,438	209,606	83.84%
Hospital Authority Imaging Center	1,500,000	1,585,174	-	1,585,174	105.68%
Grady County Library	120,000	123,779	1,360	125,139	104.28%
Aquatic Center Recreational Facility	900,000	25,772	74,791	100,563	11.17%
Grady County Administrative Office Space	400,000	399,892	-	399,892	99.97%
Historical Society	200,000	208,912	-	208,912	104.46%
City of Cairo	4,272,450	4,505,125	144,177	4,649,302	108.82%
City of Whigham	325,000	341,675	-	341,675	105.13%
Total capital expenditures	$ 14,000,000	$ 20,754,285	$ 293,766	$ 21,048,051	
Special Purpose Local Option Sales Tax - 2012					
County roads, streets and bridges	$ 3,246,000	$ -	$ 10,554	$ 10,554	0.33%
Public Safety Equipment	1,500,000	257	-	257	0.02%
Retirement of existing indebtedness	6,000,000	3,683,894	1,098,548	4,782,442	79.71%
City of Cairo	6,912,000	2,314,387	1,122,548	3,436,935	49.72%
City of Whigham	342,000	114,513	50,422	164,935	48.23%
Total expenditures	$ 18,000,000	$ 6,113,051	$ 2,282,072	$ 8,395,123	

Grady County, Georgia
Community Development Block Grant Program
Source and Application of Funds Schedule

Grant # 14p-y-065-1-5670

June 30, 2014

Total Program Funds Allocated to Recipient	$ 489,167
Less: Total Program Funds Drawn Down by Recipient	(487,662)
Less: Total Program Funds De-Obligated	(1,505)
Funds still available from Grant Resources	$ -
Total Program funds held at beginning of year	$ -
Total Program Year 2017 Funds Drawn Down & Received by Recipient	67,611
Less: Funds applied and expended to Program Year 2017 Cost	(67,611)
TOTAL PROGRAM YEAR 2014 FUNDS HELD BY RECIPIENT	$ -

Grady County, Georgia
Community Development Block Grant Program
Budget to Actual Funds Schedule

June 30, 2014

Grant # **14p-y-065-1-5670**

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Period Expenditures	Grand Total Expenditures to Date	Questioned Costs
Acquisition of Property	P-001-01	$ 10,000	$ 16,380	$ 10,000	$ 26,380	**$ -**
Contingencies	C-022-00	21,420	-	-	-	-
Street Improvements	P-03K-01	289,115	45,894	246,756	292,650	-
Storm Drainage Improvements	P-03K-02	139,295	-	139,295	139,295	-
Project Administration	A-21A-00	29,337	5,337	24,000	29,337	-
TOTAL		$ 489,167	$ 67,611	$ 420,051	$ 487,662	$ -

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institue of Certified Pubilic Accountants

Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

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

Honorable Chairperson and Members of
the County Commission
Grady County, Georgia

We have audited, in accordance with audit 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, 2017, and the related notes to the financial statements, which collectively comprise Grady County, Georgia's basic financial statements, and have issued our report dated thereon June 30, 2018. 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 includes our consideration of the results of the other auditor's testing on internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it related to the results of the other auditors, is based solely on the reports of the other 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. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item *2017-E, 2017-F,2017-G, 2017-H, 2017-I, 2017-J, 2017-M, and 2017-N* that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grady County, Georgia's financial statements are free from 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 and those of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item *2017-A, 2017-B, 2017-C and 2017-L.*

Grady County, Georgia's Response to Findings

Grady County, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. 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.

Perry L. Henry, LLC
Perry L. Henry, LLC
Bainbridge, Georgia

June 30, 2018

2017-A

Condition:

The county has been accounting for capital grant in a “Multiple Grant” Special Revenue Fund. These activities exceed the 2% rule criterion specified for fund in fund 220. In addition, capital grants should be reported in capital projects funds.

Criteria:

Violation of State Law and Non-Compliance with Generally Accepted Accounting Principles.

Cause:

Oversight by management.

Effect:

Violation of State Law HB 491, O.C.G.A. 36-81-3(e). In addition expenditures for capital projects should be reported in Capital Projects Funds to comply with Generally Accepted Accounting Principles (GAAP).

Recommendation:

Activities of Capital Grants should each be placed in a separate self-balancing Capital Projects fund. At a minimum, each grant should have a bank account and be part of a capital projects fund with specific codes to allow clear separation.

Management’s Response:

Management agrees with finding and will make necessary changes before the 2018 year end.

2017-B

Condition:

The county failed to adopt budgets for some special revenue funds and exceeded appropriations for some departments. The legal level of budgetary control for the county is at the department level.

Criteria:

Violation of State Law O.C.G.A. 36-81-3.

Cause:

Misunderstanding by management.

Effect:

Non-compliance with budgetary law.

Recommendation:

Adopt budgets for the general fund and all special revenue and debt services funds as required by state law. In addition, monitor expenditures during the year and amend as needed.

Management's Response:

Management agrees with finding and will begin making changes during the 2018 year.

2017-E

Condition:

Audit procedures revealed that the county had a policy of using accounts titled “out of balance” when accounts didn’t balance properly. These accounts held relatively small amounts that were immaterial but still defeat the benefit of the reconciliation process.

Criteria:

If such accounts are used to force balance and account, it never really gets reconciled. A material error could go undetected in a timely manner.

Cause:

Unknown.

Effect:

Weakness in internal controls.

Recommendation:

These accounts should be deactivated at once and accounts must be properly balanced.

Management’s Response:

Management agrees, accounts are no longer in use and have been deactivated.

2017-C

Condition:

The SPLOST intergovernmental agreement signed with local cities within the county requires the county to disburse their prorated share of collections within 10 days of collections. The county failed to disburse funds in a timely manner as required by the agreement.

Criteria:

Violation of intergovernmental agreement.

Cause:

Lack of knowledge by County Personnel and short staffing.

Effect:

Non-compliance with intergovernmental agreement.

Recommendation:

County personnel must be more careful to disburse funds per the intergovernmental agreement.

Management's Response:

Management agrees and will disburse funds within the 10 days as required by the intergovernmental agreement.

2017-F

Condition:

The Sheriff's Office raises funds via donations and fundraising and places these funds in the FAD (Friends Against Drugs) account. This is a non-material account with very little activity, however it must be properly accounted for in the counties financials.

Criteria:

Accounting controls of the county are very important to safeguard assets of the county. Internal controls must be extended as much as possible to include all accounts of the county.

Cause:

Lack of understanding by County Personnel and short staffing.

Effect:

A material effort or misappropriation of assets could go undetected in a timely basis.

Recommendation:

Monthly reports should be presented to the county finance department. These reports should include but not be limited to reconciled bank statements and transaction listing. This activity must be reconciled and recorded in the county general ledger.

Management's Response:

Management agrees and started this process in June 2018.

2017-G

Condition:

Capital assets are not being properly maintained in the county software. Additions and deletions are not being properly input and depreciation was not being properly computed on all assets. Assets were not properly removed after being traded. Also, road projects should be traced separately and should remain in construction in progress until completed and at that time should be moved to depreciable assets.

Criteria:

The capital assets report was not correct and was not properly maintained.

Cause:

Lack of understanding by County Personnel and short staffing.

Effect:

A material effort or misappropriation of assets could go undetected in a timely basis.

Recommendation:

County personnel should be trained in how to properly maintain the capital asset schedule on a monthly basis and that strait line depreciation should only be used in accordance with county policy. The importance of maintaining this list accurately is critical to the financial reporting process.

Management's Response:

Management agrees and will make needed changes before 2018 year end.

2017-H

Condition:

Capital lease agreements were not on file at the county.

Criteria:

Signed capital lease agreements could not be produced by county personnel.

Cause:

Unknown but likely in part due to change in county personnel.

Effect:

Keeping signed copies of such legal obligation will always be very important. Not having such documents on file could result in many negative consequences.

Recommendation:

It is the county clerk's job to "maintain the recording of the Board of Commissioner's Official actions" and "maintain county records" per the Job Descriptions provided. We would recommend a signed copy of all such legal documents be obtained and kept on file for easy reference. A copy of all lease agreements should be made available to the finance department so they know how to properly record in the financial statements.

Management's Response:

Management agrees and will be sure signed capital lease agreements are maintained on file.

2017-I

Condition:

Audit work revealed that one account at the Jail is not being properly reconciled and that another account (EMS) is not being reconciled in a timely manner during the year.

Criteria:

It is critical that all bank accounts in all offices/departments are properly reconciled every month without exception. Activity of those accounts should also be recorded as necessary.

Cause:

Lack of knowledge and poor internal controls.

Effect:

A material error or misappropriation of assets could go undetected in a timely basis.

Recommendation:

EMS Bank statements should be turned in with specific reports to enable the finance department to reconcile and book changes in the account balance. Training needs to be provided to the new Sheriff's Office Jail personnel.

Management's Response:

Management agrees and needed changes will be implements before the 2018 year-end.

2017-J

Condition:

OCGA § 48-5-183 states that "Each such officer shall receive an annual salary, payable in equal monthly installments from the funds of his or her county. . . “Elected officials are being paid as any other employee.

Criteria:

Non-compliance with O.C.G.A. 48-5-183.

Cause:

Oversite by management.

Effect:

Non-compliance with state law.

Recommendation:

Elected officials should be paid in accordance with O.C.G.A. 48-5-183.

Management’s Response:

Management understands this is the law and not optional. Changes will be made as deemed necessary.

2017-L

Condition:

Article 5 – Jail Construction and Staffing OCGA § 15-21-94 states that "Sums paid over to the governing authority shall be deposited by the governing authority into a special account to be known as the “county jail fund”.

Criteria:

State Law Compliance.

Cause:

Management oversite.

Effect:

Non-compliance with state law.

Recommendation:

Set up a Special Revenue Fund to account for and track the activity of these financial resources of at a minimum open a separate bank account in the general fund.

Management’s Response:

Management agrees and will review options and make changes as needed to comply with state law.

2017-M

Condition:

The County (Board of Commissioners and/or Elected Constitutional Officers) does not have adequate separation of duties in various functions of the County.

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

(1) financial reporting,
(2) effectiveness and efficiency of operations and
(3) compliance with applicable laws and regulations.

Cause:

There is an insufficient number of staff to properly segregate functions of all transaction cycles.

Effect:

The County (Board of Commissioners and/or Elected Constitutional Officers) will be exposed to increased risk that the financial statements will be materially misstated, whether by error or intentionally, and not be detected in a timely manner.

Recommendation:

The County (Board of Commissioners and/or Elected Constitutional Officers) should monitor the control environment and continue to strengthen controls where cost effective.

Management's Response:

Management (Board of Commissioners and/or Elected Constitutional Officers) agrees. A corrective action plan will be issued under a separate cover.

2017-N

Condition:

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

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.

Cause:

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

Effect:

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

Recommendation:

Additional hands on training still needs to be provided to enable the finance department to gain a better understanding of fund accounting and Generally Accepted Accounting. In addition, more hands on training is need to enable the finance department to better understand how to properly utilize the accounting software and better utilize the accounting software features.

Management's Response:

Management agrees and will be dealing with this issue during the 2018 year.