Grady County, Georgia

Financial Statements

For the Year Ended

December 31, 2018

Grady County, Georgia
For the Year Ended December 31, 2018
Table of Contents

FINANCIAL SECTION	Page
Introductory Section	
List of Principal Officials	
Independent Auditor's Report	
Management's Discussion and Analysis	i-viii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2-3
Balance Sheet - Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities	7
Statement of Net Position - Internal Revenue Service	8
Statement of Revenues, Expenditures and Changes in Fund Net Position - Internal Service Fund	9
Statement of Cash Flows - Internal Service Fund	10
Statement of Fiduciary Net Position - Fiduciary Funds	11
Statement of Net Position - Component Units	12
Statement of Activities - Component Units	13
Notes to the Financial Statements	14-48
Required Supplementary Information:	
Major Funds: Budgetary Comparison Schedule - General Fund	49-50
Note A - Explanation of Differences Between Revenues, Expenditures and Other Financing Sources	51
Note B - to Required Supplementary Information - Budget and Budgetary Accounting	52
Schedule of Changes in Net Pension Liability and Related Ratios	53
Schedule of Employer Contributions - Pension Plan	54
Schedule of Proportionate Share of Net Pension Liabilities - Cost Sharing Multiple-Employer Pension	55

Grady County, Georgia
For the Year Ended December 31, 2018
Table of Contents

Supplemental Information

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Non-Major Governmental Funds 56

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds 57

Combining Balance Sheet - Non-Major Special Revenue Funds 58

Combing Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds 59

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:
- Law Library Fund 60
- E-911 Fund 61
- Confiscated Assets Fund 62
- Drug Abuse and Treatment Fund 63
- Friends Against Drugs Squad Fund 64

Fiduciary Funds

Combing Statement of Fiduciary Assets and Liabilities - Fiduciary Funds 65

STATE REPORTING REQUIREMENTS

Annual Report of 9-1-1 Collections and Expenditures 66-68

Schedule of Special Purpose Local Option Sales Tax - 2007 & 2012 69

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 70

Schedule of Findings and Responses 71-75

GRADY COUNTY, GEORGIA

List of Elected and Appointed Officials

December 31, 2018

Elected

LaFaye Copeland, Chairwoman

Keith Moye, Vice-Chairman

Ray Prince, County Commissioner

June Knight, County Commissioner

Phillip Drew, County Commissioner

Staff

Holly Murkerson, Accounting Manager

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, 2018, 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, 2018, 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, 2018

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, 2018. We encourage readers to read the information presented here in conjunction with the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The County has $73.96 million in total assets of which $60.72 million are capital assets.
- The County has $24.78 million in total liabilities of which $24.06 million are long term.
- The assets of the County exceeded its liabilities as of December 31, 2018 by $49.18 million.
- The County's total net position increased by $.04 million.
- As of December 31, 2018, the County's governmental funds reported combined ending fund balances of $12.00 million, an increase of $.78 million in comparison to the prior year. Approximately 73% of the combined fund balances, $8.79 million is considered unassigned and is available for spending at the County's discretion.
- As of December 31, 2018 the unassigned fund balance of the general fund was $8.79 million, which was a decrease of $.51 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, 2018 and 2017.

Table 2
Condensed Statement of Net Position

	Total Primary Government	
	2018	2017
Assets		
Current and other assets	$ 13,239,339	$ 13,663,496
Capital assets	60,723,257	61,403,112
Total assets	73,962,596	75,066,608
Deferred outflows of resources	419,452	113,609
Liabilties		
Other liabilities	713,609	1,642,040
Long-term liabilites	24,064,945	24,077,069
Total liabilites	24,778,554	25,719,109
Deferred inflows of resources	161,627	215,502
Net Position		
Invested in capital assets, net of related debt	38,462,903	32,717,267
Restricted	2,951,886	722,213
Unrestricted	8,027,078	15,963,505
Total net position	$ 49,441,867	$ 49,402,985

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, 2018 and 2017. 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

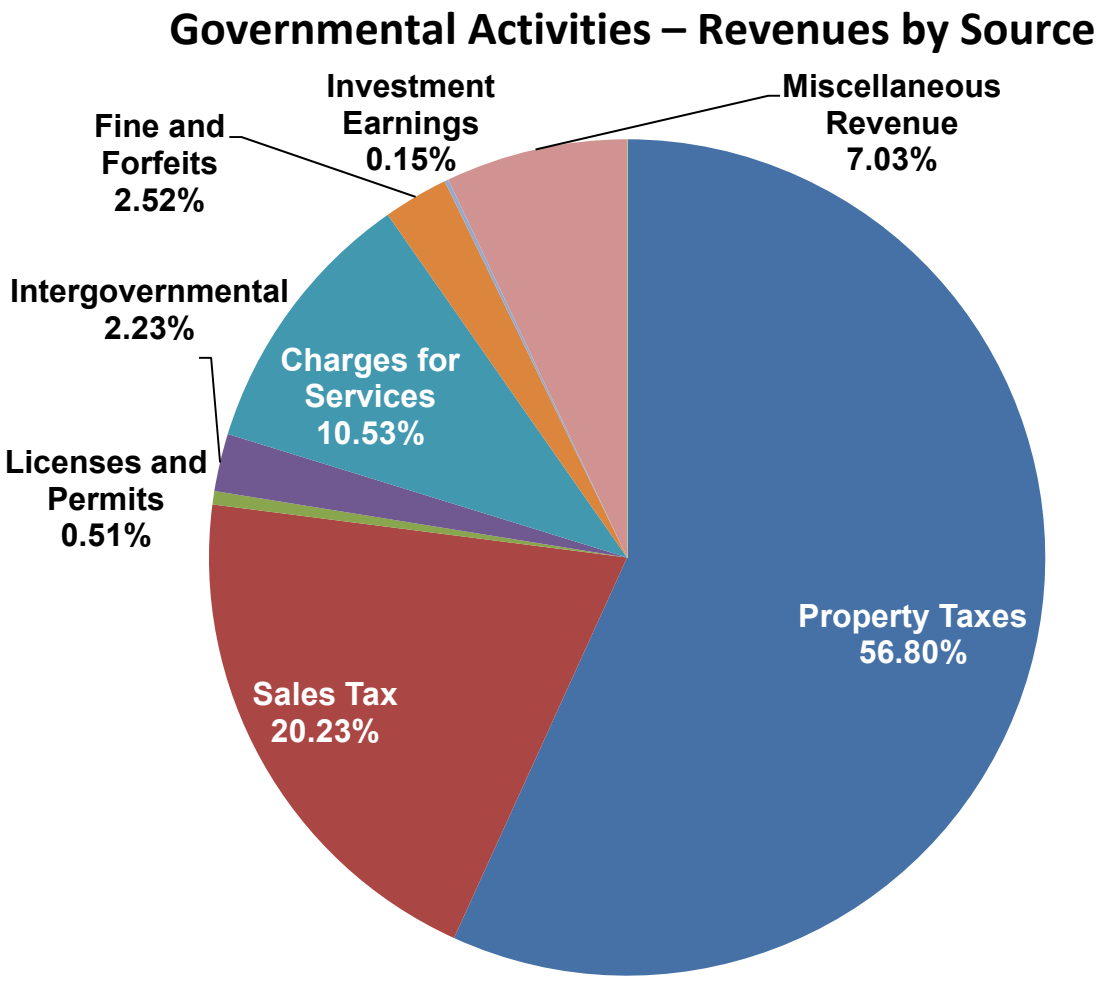
	Total Primary Government	
	2018	2017
Revenues		
Program Revenues:		
Charges for Services	$ 2,377,172	$ 2,279,244
Operating Grants and Contributions	491,040	361,661
Capital Grants and Contributions	285,138	2,302,837
General Revenues:		
Property Taxes	9,289,632	8,394,466
Local Option Sales Taxes	3,835,358	3,673,162
Other Taxes and Licenses	1,275,200	1,182,652
Investment Income	26,788	12,249
Gain (loss) on sale of capital asets	3,500	45,324
Other Revenues	1,225,668	253,246
Total Revenues	18,809,496	18,504,841
Expenses		
General Government	6,044,340	3,785,562
Public Safefy	5,681,983	5,218,247
Court System	1,308,016	1,169,308
Public Works	4,112,819	4,204,637
Public Health and Welfare	101,896	99,496
Recreation	630,748	588,480
Housing and Development	452,135	352,448
Intergovernmental	-	1,317,146
Interest on Long-Term Debt	838,677	747,012
Total Expenses	19,170,614	17,482,336
Increase (Decrease) in Net Assets Before Transfers	(361,118)	1,022,505
Transfers	400,000	-
Change in Net Position	$ 38,882	$ 1,022,505

During the year ended December 31, 2018, the net position of the County increased $.04 million. Total revenues for 2018 increased $1.52 million. Expenses increased by $1.69 million. The county continued building and repairing roads in 2018 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. 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

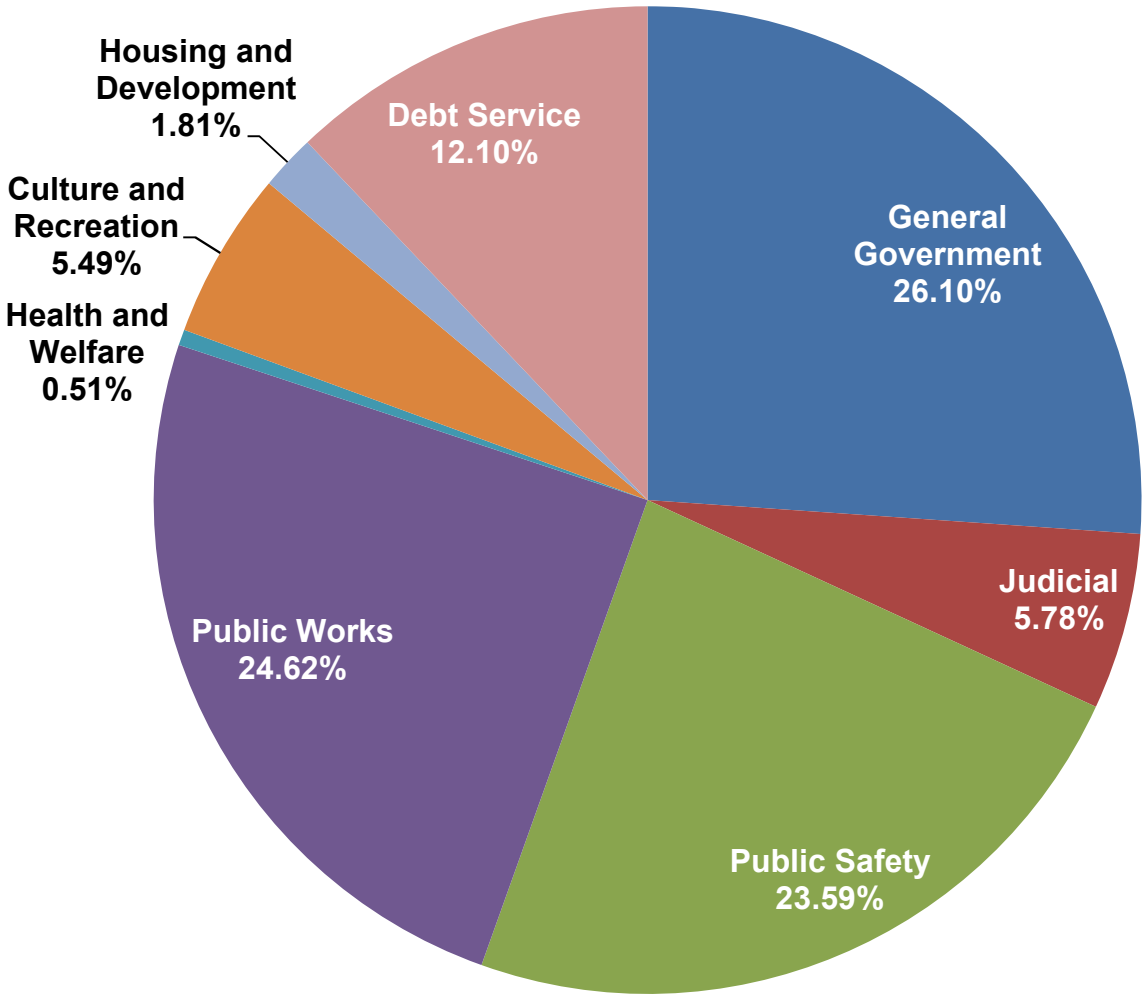
The following chart shows the governmental activities revenues by major source. Approximately 10.53% of the County's revenues were derived from charges for services, 2.23% from Intergovernmental, and approximately 20.23% came from sales taxes. The largest portion of the County's revenue, 56.80%, came 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 26.10%. The next largest expenditures were for public works at 24.62% and public safety at 23.59%.

Governmental Activities – Expenses by Source



Grady County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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, 2018, the County's governmental funds reported a combined ending fund balance of $12.00 million. Of that amount $8.79 million was unassigned, $.26 million was nonspendable, and $2.95 million was restricted.

The general fund is the operating fund of the County. As of December 31, 2018, total fund balance of the general fund was $9.05 million. The net change in the general fund's total fund balance for the year ended December 31, 2018 was an increase of $.53 million or 6.54%.

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 2018 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 $.04 million for the year ended December 31, 2018. Total general fund revenues for 2018 increased by $2.80 million compared to 2017.

The actual expenditures of the general fund were less than the final budgeted amounts by $.13 million for the year ended December 31, 2018. Expenses increased by $2.29 million compared to 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2018, the County had capital assets, net of accumulated depreciation of $60.72 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, 2018, The County reported long term debt of $22.26 million. Outstanding principal balance on 2010 Series revenue bonds is $11,985,000. Outstanding principal balance on the 2015 Series revenue bonds is $8,795,000. Outstanding principal balance on capital leases is $331,348. 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, 2018

	Governmental Activities	Total	Component Units
ASSETS			
Cash and cash equivalents	$ 7,797,681	$ 7,797,681	$ 579,485
Receivables (net, where applicable, of allowances for uncollectible):			
Taxes	2,020,530	2,020,530	-
Accounts	148,722	148,722	-
Due from other governments	168,855	168,855	51,039
Prepaid expenses	261,463	261,463	-
Restricted assets:			
Cash and cash equivalents	2,842,093	2,842,093	-
Capital assets:			
Land	5,546,090	5,546,090	-
Construction in progress	31,254,145	31,254,145	-
Other capital assets, net of depreciation	23,923,022	23,923,022	618,854
Total Assets	73,962,601	73,962,601	1,249,378
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources-pension	419,452	419,452	196,294
Total Deferred Outflows of Resources	419,452	419,452	196,294
LIABILITIES			
Accounts payable	354,173	354,173	39,511
Accrued liabilities	359,441	359,441	-
Due to other governments	-	-	5,392
Long-term liabilities:			
Portion due and payable within one year:			
Bonds	800,000	800,000	-
Capital leases	125,544	125,544	-
Notes	18,368	18,368	-
Portion due and payable after one year:			
Bonds	21,055,714	21,055,714	-
Capital leases	205,804	205,804	-
Notes	54,924	54,924	-
Net pension obligation liability	1,640,036	1,640,036	1,247,389
Compensated absences payable	164,555	164,555	38,062
Total Liabilities	24,778,559	24,778,559	1,330,354
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources-pension	161,627	161,627	138,184
Total Deferred Inflows of Resources	161,627	161,627	138,184
NET POSITION			
Net investment in capital assets	38,462,903	38,462,903	618,854
Restricted for:			
Capital projects	1,886,912	1,886,912	-
SPLOST Capital Projects	807,374	807,374	-
Legal Reference Materials	20,943	20,943	-
Public Safety	236,642	236,642	-
Public Works	15	15	-
Public Health Programs	-	-	306,053
Unrestricted	8,027,078	8,027,078	(947,773)
Total Net Position	$ 49,441,867	$ 49,441,867	$ (22,866)

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

Grady County, Georgia
Statement of Activities
For the Year Ended December 31, 2018

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	$ 5,526,528	$ 424,725	$ 110,104	$ 246,338	$ (4,745,361)	$ (4,745,361)	
Judicial	1,308,016	845,331	-	-	(462,685)	(462,685)	
Public Safety	5,681,983	1,072,457	174,706	-	(4,434,820)	(4,434,820)	
Public Works	4,112,819	-	-	-	(4,112,819)	(4,112,819)	
Health and Welfare	101,896	12,969	-	-	(88,927)	(88,927)	
Culture and Recreation	630,748	21,690	206,230	-	(402,828)	(402,828)	
Housing and Development	452,135	-	-	38,800	(413,335)	(413,335)	
Interest on long-term debt	838,677	-	-	-	(838,677)	(838,677)	
Total governmental activities	$ 18,652,802	$ 2,377,172	$ 491,040	$ 285,138	(15,499,452)	(15,499,452)	
Component units:							
Hospital Authority	$ 31,650	$ 12,700	$ -	$ -			$ (18,950)
Health Department	717,036	415,089	547,072	-			245,125
Total component units	$ 748,686	$ 427,789	$ 547,072	$ -			226,175

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

Grady County, Georgia
Statement of Activities
For the Year Ended December 31, 2018

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)					(15,499,452)	(15,499,452)	226,175
General revenues:							
Taxes							
Property taxes, levied for general purposes					9,289,632	9,289,632	-
Sales taxes					3,835,358	3,835,358	-
Alcoholic beverages taxes					93,286	93,286	-
Business taxes					42,315	42,315	-
Penalties and interest on delinquent taxes					157,254	157,254	-
Insurance premium tax					962,540	962,540	-
Franchise taxes					19,805	19,805	-
Investment earnings					26,788	26,788	-
Miscellaneous					219,042	219,042	-
Special item - sale of capital assets					892,314	892,314	-
Total general revenues, special items, and transfers					15,538,334	15,538,334	-
Change in net position					38,882	38,882	226,175
Net position - beginning - as previously reported					49,402,985	49,402,985	409,791
Prior period adjustment					-	-	(658,832)
Net position - beginning - as restated					49,402,985	49,402,985	(249,041)
Net position - ending					$ 49,441,867	$ 49,441,867	$ (22,866)

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

Grady County, Georgia
Balance Sheet
Governmental Funds
December 31, 2018

	General	Road Construction Capital Project Fund	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash on hand and in banks	$ 7,798,794	$ -	$ -	$ -	$ 7,798,794
Receivables (net, where applicable, of allowances for uncollectible):					
Taxes, including interest, penalties & liens	1,538,239	-	-	52,524	1,590,763
Accounts	148,722	-	-	-	148,722
Due from other funds	100	-	-	-	100
Due from other governments	168,855	-	-	-	168,855
Prepaid expenses	261,463	-	-	-	261,463
Restricted assets:					
Cash in bank	-	271,046	1,332,233	1,238,810	2,842,089
Sales tax receivable	-	-	429,767	-	429,767
Total Assets	$ 9,916,173	$ 271,046	$ 1,762,000	$ 1,291,334	$ 13,240,553
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	$ 61,678	$ -	$ -	$ 603	$ 62,281
Accrued liabilities	213,307	-	146,134	-	359,441
Due to other funds	-	-	-	100	100
Other payable	139,272	-	-	-	139,272
Total Liabilities	414,257	-	146,134	703	561,094
Deferred Inflows of Resources					
Unavailable Revenues-Property Taxes	453,180	-	-	-	453,180
Total Deferred Inflows of Resources	453,180	-	-	-	453,180
Fund Balances					
Nonspendable prepaid items	261,463	-	-	-	261,463
Restricted for:					
Capital projects	-	271,046	1,615,866	807,374	2,694,286
Legal Reference Materials	-	-	-	20,943	20,943
Public Safety	-	-	-	236,642	236,642
Public Works	-	-	-	15	15
Recreation	-			225,657	225,657
Unassigned	8,787,273	-	-	-	8,787,273
Total Fund Balances	9,048,736	271,046	1,615,866	1,290,631	12,226,279
Total liabilities, deferred inflows of resources and fund balances	$ 9,916,173	$ 271,046	$ 1,762,000	$ 1,291,334	$ 13,240,553

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, 2018

Total *fund* balances for governmental funds		$ 12,226,279
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	96,694,129	
Buildings	13,588,212	
Machinery	9,050,528	
Construction in progress	31,254,145	
Total capital assets	156,133,104	
Accumulated depreciation	(95,409,847)	
Total assets - net	60,723,257	60,723,257
Certain property tax revenues are not available to pay for current-period expenditures and therefore are deferred in the funds.		453,180
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.		(1,640,036)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.		
Deferred outflows		419,452
Deferred inflows		(161,627)
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.		(153,822)
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)		(21,855,714)
Lease payable		(331,348)
Notes payable		(73,292)
Compensated absences		(164,462)
Total net position of governmental activities		$ 49,441,867

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, 2018

	General Fund	Road Construction Capital Project Fund	SPLOST 2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 12,206,391	$ -	$ 2,398,968	$ -	$ 14,605,359
Licenses & Permits	96,996	-	-	-	96,996
Intergovernmental	248,203	24,258	-	220,421	492,882
Charges for Services	1,540,568	-	-	425,772	1,966,340
Fines & Forfeitures	468,156	-	-	11,011	479,167
Investment Income	24,883	342	401	2,852	28,478
Contributions	-	1,750	-	206,230	207,980
Miscellaneous	1,210,958	-	-	26,327	1,237,285
Total Revenues	15,796,155	26,350	2,399,369	892,613	19,114,487
EXPENDITURES					
Current Operating					
General Government	4,073,185	-	-	1,017,217	5,090,402
Judicial	1,104,703	-	-	-	1,104,703
Public Safety	4,107,294	-	-	229,143	4,336,437
Public Works	2,501,787	-	-	-	2,501,787
Health and Welfare	99,389	-	-	-	99,389
Cultural & Recreation	856,798	-	-	37,663	894,461
Housing and Development	371,282	-	-	-	371,282
Capital Outlay					
General Government	102,107	-	-	-	102,107
Judicial	18,883	-	-	-	18,883
Public Safety	348,124	-	-	49,209	397,333
Public Works	9,241	736,890	-	-	746,131
Health and Welfare	-	-	-	-	-
Cultural and Recreation	76,890	-	-	16,100	92,990
Housing and Development	1,500	-	-	-	1,500
Debt Service					
Principal	793,368	117,853	-	-	911,221
Interest	452,363	-	446,964	-	899,327
Intergovernmental	-	-	1,037,504	-	1,037,504
Total Expenditures	14,916,914	854,743	1,484,468	1,349,332	18,605,457
Excess (Deficiency) of Revenues Over Expenditures	879,241	(828,393)	914,901	(456,719)	509,030
OTHER FINANCING SOURCES (USES)					
Proceeds from Debt Agreements	91,661	-	-	-	91,661
Transfers In	400,000	200,000	-	638,062	1,238,062
Transfers Out	(838,062)	-	-	-	(838,062)
Total Other Financing Sources (Uses)	(346,401)	200,000	-	638,062	491,661
Net Change in Fund Balances	532,840	(628,393)	914,901	181,343	1,000,691
Fund balances - beginning	8,515,896	899,439	700,965	1,109,288	11,225,588
Fund balances - ending	$ 9,048,736	$ 271,046	$ 1,615,866	$ 1,290,631	$ 12,226,279

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, 2018

Net change in fund balances - total governmental funds	$ 1,000,691
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	1,525,075
Depreciation expense	(2,204,931)
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	(91,661)
Debt payments made	911,222
Amortization of bond premiums	59,839
Tax revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	
Unavailable revenues - property taxes	(304,991)
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.	(348,809)
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	(501,077)
Compensated absences	(6,476)
Change in net position of governmental activities	$ 38,882

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

Grady County, Georgia
Statement of Net Position
Internal Service Fund
December 31, 2018

ASSETS	
Cash and cash equivalents	$ (1,203)
Total Assets	$ (1,203)
LIABILITIES	
Accrued expenses	$ 152,619
Total Liabilities	$ 152,619
NET POSITION	
Restricted for:	
Employee Health Program	$ (153,822)

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, 2018

	Internal Service Fund
OPERATING REVENUES	
Employee contributions	$ 145,538
Employer contributions	1,443,338
Reinsurance payments	632,687
Total operating revenues	2,221,563
OPERATING EXPENDITURES	
Claims expenses	2,171,433
Total operating expenditures	2,171,433
Net (Expense) Revenue and Changes in Net Position	50,130
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,061
Total non-operating revneues (expenses)	1,061
OTHER FINANCING SOURCES (USES)	
Transfers Out	(400,000)
Total Other Financing Sources (Uses)	(400,000)
Change in net position	(348,809)
Net position - beginning	194,987
Net position - ending	$ (153,822)

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, 2018

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$ 2,221,563
Claims and premiums paid	(2,505,878)
Net cash provided (used) by operating activities	(284,315)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,061
Net cash provided (used) by investing activities	1,061
Net increase in cash and cash equivalents	(283,254)
Cash and cash equivalents, beginning of year	282,051
Cash and cash equivalents, end of year	$ (1,203)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVIES:	
Operating income	$ 50,130
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in:	
Accrued expenses	(334,445)
Net cash provided by operating activities	$ (284,315)

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

Grady County, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

ASSETS	
Cash and cash equivalents	$ 7,378,365
Property tax receivable	2,633,346
Total Assets	$ 10,011,711
LIABILITIES	
Due to others	$ 7,378,365
Uncollected taxes	2,633,346
Total Liabilities	$ 10,011,711

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

Grady County, Georgia
Statement of Net Position
Component Units
December 31, 2018

	Hospital Authority	Health Department	Totals
Assets			
Current Assets			
Cash	$ 99,856	$ 479,629	$ 579,485
Due from other governments	-	51,039	51,039
Total Current Assets	99,856	530,668	630,524
Capital Assets - Net	600,399	18,455	618,854
Total Assets	700,255	549,123	1,249,378
Deferred Outflows of Resources			
Deferred pension cost	-	116,801	116,801
OPEB Related	-	79,493	79,493
Total deferred outflows of resources	-	196,294	196,294
Total assets and deferred outflows	$ 700,255	$ 745,417	$ 1,445,672
Liabilities			
Accounts payable	$ -	$ 39,511	$ 39,511
Due to other governments	-	5,392	5,392
Long-term liabilities			
Net pension liability	-	672,638	672,638
Net OPEB liability	-	574,751	574,751
Compensated absences	-	38,062	38,062
Total liabilities	-	1,330,354	1,330,354
Deferred inflows of resources			
Pensions	-	40,879	40,879
OPEB Related		97,305	97,305
Total deferred inflows of resources	-	138,184	138,184
Net position:			
Net investment in capital assets	600,399	18,455	618,854
Restricted for:			
Public services	-	306,053	306,053
Unrestricted	99,856	(1,047,629)	(947,773)
Total net position	700,255	(723,121)	(22,866)
Total liabilities and net position	$ 700,255	$ 745,417	$ 1,445,672

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, 2018

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	$ 31,650	$ 12,700	$ -	$ -	$ (18,950)	$ -	$ (18,950)
Health Department	717,036	415,089	547,072	-	-	245,125	245,125
Total component units	$ 748,686	$ 427,789	$ 547,072	$ -	(18,950)	245,125	226,175
Change in Net Position					(18,950)	245,125	226,175
Net position - beginning - as preciously reported					719,205	(309,414)	409,791
Prior period adjustment					-	(658,832)	(658,832)
Net position - beginning - as restated					719,205	(968,246)	(249,041)
Net position - ending					$ 700,255	$ (64,289)	$ 635,966

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, 2018. 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, 2018, 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, 2018, 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, 2018, the County adopted four new statements issued by GASB as follows:

- GASB Statement No. 84, *Fiduciary Activities*

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.

Accounting Standards Issued But Not Yet Effective

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. 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.

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

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.

GASB Statement No. 90, *Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61* ("GASB 90"), establishes criteria to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB 90 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 90 on its financial statements.

GASB Statement No. 91, *Conduit Debt Obligations* ("GASB 91"), addresses accounting and financial reporting for conduit debt obligations. GASB 91 will be effective for the fiscal years beginning after December 15, 2020. The County has not completed the process of evaluating the impact of GASB 91 on its financial statements.

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, 2018.

NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2018 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 Liabilities:		
Cash and cash equivalents		4,292,157
Total	$	15,497,537
Deposits with financial institutions	$	15,497,537

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, 2018, the bank balance was $15,126,758. Of the bank balance, $15,126,758 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 2018 year tax levy, was mailed in October 2018. 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, 2018 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	$ 1,282,049	$ -	$ -	$ 1,282,049
Sales tax receivable	256,190	429,766	-	685,956
Accounts receivable	148,722	-	27,817	176,539
Net total receivables	$ 1,686,961	$ 429,766	$ 27,817	$ 2,144,544

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments on the General Fund as of December 31, 2018 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	2018
Grady County Joint Development Authority	$ 168,855
Total due from other governments	$ 168,855

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, 2018 is as follows:

Fund	Due From	Due To
General Fund	$ 100	$ -
CDBG Capital Projects Fund	-	100
	$ 100	$ 100

$100 was loaned to the CDBG capital projects fund to open the bank account. These funds will go back to the general fund once the project is completed.

During the course of normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These inter-fund transactions are eliminated and no interest is charged on such transfers.

	TRANSFERS IN				
TRANSFERS OUT	General Fund	E-911	Recreation	Road CPF	Total
General Fund	$ -	$ 581,000	$ 57,062	$ 200,000	$ 838,062
Internal Service Fund	400,000	-	-	-	400,000
	$ 400,000	$ 581,000	$ 57,062	$ 200,000	$ 1,238,062

$581,000 was transferred from the general fund to the E-911 Special revenue fund to cover cash short-falls.

$57,062 in donated funds were transferred from the general fund to the Recreation SRF and will be expended for recreation.

The Road CPF fund owed the general fund $200,000 from prior years. It was determined these funds will not be available for repayments so the balance was removed using transfers.

The Insurance Internal Service fund reported receivables from the general fund of $400,000 from prior years. The county no longer has intentions of paying those funds to the internal service fund and as such the balance was removed using transfers.

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NOTE 7 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2018:

Primary Government

Governmental activities:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Capital assets, not being depreciated:					
Land	$ 5,546,090	$ -	$ -	$ -	$ 5,546,090
Construction in Progress	30,914,312	492,295	(117,812)	(34,650)	31,254,145
Total capital assets, not being depreciated	36,460,402	492,295	(117,812)	(34,650)	36,800,235
Capital assets being depreciated:					
Buildings	13,507,453	80,760	-	-	13,588,213
Machinery and Equipment	8,591,142	459,386	-	-	9,050,528
Roads and Bridges	96,049,032	610,446	-	34,650	96,694,128
Total capital assets being depreciated	118,147,627	1,150,592	-	34,650	119,332,869
Less accumulated depreciation:					
Buildings	(7,946,317)	(376,109)	-	-	(8,322,426)
Machinery and Equipment	(5,611,562)	(476,671)	-	-	(6,088,233)
Roads and Bridges	(79,647,038)	(1,352,150)	-	-	(80,999,188)
Total accumulated depreciation	(93,204,917)	(2,204,930)	-	-	(95,409,847)
Total capital assets, being depreciated, net	24,942,710	(1,054,338)	-	34,650	23,923,022
Governmental activities capital assets, net	$ 61,403,112	$ (562,043)	$ (117,812)	$ -	$ 60,723,257

Depreciation Expense was charged to functions as follows: Governmental Activities

General Government	$ 139,806
Public Safety	382,181
Public Works	1,582,019
Recreation	95,222
Housing and Development	5,702
Total Governmental Activities Depreciation Expense	$ 2,204,930

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, 2018 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	$ 11,985,000
Grady County Lake Authority Revenue Bond, Series 2015	8,795,000	various	2040	8,795,000
Bond premiums				1,075,714
Less current portion				(800,000)
Total	$ 23,735,000			$ 21,055,714

The annual debt service requirement to maturity of the bonds at December 31, 2018 is as follows:

Year Ending December 31	Principal	Interest	Total
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	930,000	747,719	1,677,719
2024-2028	5,240,000	3,160,731	8,400,731
2029-2033	4,720,000	2,069,463	6,789,463
2034-2038	4,445,000	1,122,150	5,567,150
2039-2040	2,070,000	156,500	2,226,500
Total	$ 20,780,000	$ 10,589,900	$ 31,369,900

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, 2018 are as follows:

Year	Principal	Interest	Total
2019	$ 125,544	$ 7,639	$ 133,183
2020	121,084	3,956	125,040
2021	76,078	1,176	77,254
2022	8,642	35	8,677
Total	$ 331,348	$ 12,806	$ 344,154

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	$ 83,125	$ 79,521
Caterpillar Financial Service Corp Capital lease purchase contract for purchase of 12M Motor Grader F9F00823	101,000	2,948	3.25%	36	64,991	63,006
BancorpSouth Equipment Financial Capital lease purchase contract for purchase of RoadHog RH48200 Cold Planer	122,425	2,685	2.54%	48	83,234	80,480
BancorpSouth Equipment Financial Capital lease purchase contract for purchase of 2014 John Deere 670G Motor Grader	163,200	$ 2,892	2.44%	60	112,804	108,341
Totals	$ 493,998				$ 344,154	$ 331,348

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	$ 494,018
Less: accumulated depreciation	(76,678)
Total	$ 417,340
Current FY Depreciation	$ 49,402

Operating Leases

On May 21, 2018, the County entered into an operating lease with John Deere Financial for the lease of a 2018 John Deere 620G Motor Grader. As of December 31, 2018, the remaining lease amount was

$143,746. Future minimum operating lease commitments are as follows:

2019	$	33,172
2020		33,172
2021		33,172
2022		33,172
2023		11,058
Total	$	143,746

The County's operating leases, other than such agreements listed above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

Notes Payable

The County entered into a note on February 5, 2018 with Zoll Medical Corporation for the purchase of three Defibrillators and Monitors for $91,661 bearing interest at 1.74%. At December 31, 2018, the outstanding balance was $73,293.

Changes in Long-Term Liabilities

The following is a summary of the activity in long term-liabilities for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Bonds:					
SGGSA Revenue Bond Series 2010	$ 12,760,000	$ -	$ (775,000)	$ 11,985,000	$ 800,000
GCLA Revenue Bond Series 2015	8,795,000	-	-	8,795,000	-
Plus deferred amounts for issuance premiums	1,135,553	-	(59,839)	1,075,714	-
Total bonds payable	22,690,553	-	(834,839)	21,855,714	800,000
Capital leases payable	449,202	-	(117,854)	331,348	125,544
Notes payable	-	91,661	(18,369)	73,292	125,544
Compensated absences	158,073	130,334	(123,852)	164,555	-
Governmental activities long-term liabilities	$ 23,297,828	$ 221,995	$ (1,094,914)	$ 22,424,909	$ 1,051,088

Compensated absences are generally liquidated by the General Fund.

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.

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 and July 1, 2012. Amended and restated January 1, 2015, 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, 2018, employee membership data related to the plan was as follows:

Retirees, beneficiaries and disables receiving benefits	33
Terminated plan participants entitled to but not yet receiving benefits	44
Active employees participating in the plan	79
Total number of plan partifipants	156

Statement of Net Fiduciary Net Position

Market Value of Assets		
Cash & Cash Equivalent.	$	215,389
Bonds		-
Fixed Interest Insurance Account		25,835
Marketable Securities		3,274,940
Total	$	3,516,164
Receivable		
Employer Contributions	$	-
Employee Contributions		91,990
Due From Insurance Pool		-
Accrued Interest Income		5,629
Total	$	97,619
Liabilities		
Administrative Expenses	$	17,321
Accrued Investment Fee		3,209
Accrued Auditing Fees		-
Payable to Insurance Pool		-
Total	$	20,530
Fiduciary Net Position	$	3,593,253

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Statement of Changes in Fiduciary Net Position

Additions	
Asset Transfer	$ -
Employer Contributions	97,992
Employee Contributions	91,990
Net Investment Income	(167,870)
Employee Contribution - BuyBack	-
Total Additions	$ 22,112
Deductions	
Investment Expense	$ 16,790
Administrative Expenses	19,392
Benefit Payments	149,146
Post-Reitrement Death Benefit Expense	18,115
Pre-Reitrement Death Benefit Expense	-
Transfer to Successor Plans	-
Refund of Employee Contributions	46,598
Total Deductions	$ 250,041
Net Increase (Decrease) in Fiduciary Net Position	$ (227,929)
Net Position Held in Trust for Pension Benefits	
Beginning of year	$ 3,821,182
End of year	$ 3,593,253
Money weighted rates of return	5.04%

Net Position Restricted for Pensions

Fiduciary Net Position	$ 3,593,253
Deferred Outflow of Resources	932,632
Deferred Inflow of Resources	(436,388)
Net Position Restricted for Pensions	$ 3,097,009

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. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contributions rates for the County and its plan participants

Actuarial assumptions

The total pension liability as of December 31, 2018 was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Year Ending December 31	2018
Valuation date	January 1, 2018
Measurement date	December 31, 2018
Inflation	N/A
Salary increases including inflation	5.5% Actuarial
Actuarial cost method	Entry Age Normal

Future salary increase is based on results of February, 2019 experience study.

Mortality rates were based on the RP-2000 Mortality Table with Scale AA to 2018. Disability rates were based on Social Security standard rates derived from the 1985 CIDA Table Class 1.

- 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.
- Effective December 31, 2018, the expected long-term rate of return used to discount all projected benefit payments was revised from 7.25% to 7.00%.

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

Effective December 31, 2018, the expected long-term rate of return used to discount all projected benefit payments was revised from 7.25% to 7.00%.

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, 2017	$ 4,600,423	$ 3,821,182	$ 779,241
Changes for the year:			
Service cost	121,496	-	121,496
Interest	326,435	-	326,435
Liabiltiy experience (gain)/Loss	(12,201)	-	(12,201)
Assumption change	392,880	-	392,880
Employer contributions	-	97,992	(97,992)
Employee contributions	-	91,990	(91,990)
Net investment income	-	(167,870)	167,870
Benefit payments*	(195,744)	(195,744)	-
Administrative expense		(19,392)	19,392
Other		(34,905)	34,905
Net changes	632,866	(227,929)	860,795
Balance as of December 31 , 2017	$ 5,233,289	$ 3,593,253	$ 1,640,036

*Includes refunds of employee contributions totaling $45,598.

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

		Current Discount Current	
	1% Decrease 6.00%	Discount Rate 7.0%	1% Increase 8.00%
Total pension liability	$ 5,968,154	$ 5,233,289	$ 4,621,407
Fiduciary net position	3,593,253	3,593,253	3,593,253
Net pension liability	$ 2,374,901	$ 1,640,036	$ 1,028,154

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, 2018, the County recognized pension expense of $264,914 consisting of the following:

Service cost	$ 121,496
Interest on TPL	326,435
Amortization of:	
Liability experience (gain)/loss	(84,580)
Change in assumption	131,104
Assets (gain)/loss	93,736
Employee contributions	(91,990)
Projected earnings on plan investments	(268,794)
Administration expense	19,392
Other change in FNP	18,115
Total expense	$ 264,914

At December 31, 2018, 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	$ 161,627	$ -
Net difference in projected and actual earnings on pension plan investments	-	(419,452)
Total	$ 161,627	$ (419,452)

Pensions with Special Funding Situations

The following pension plans are all cost-sharing, multiple employer defined benefit plans. These plans are considered to be special funding situations. Below is a list of the plans presented:

Name of Pension Plan	Plan Website
Employees Retirement System – (ERS)	ers.ga.gov
Georgia Judicial Retirement System – (GJRS)	ers.ga.gov
Sheriffs' Retirement Fund of Georgia – (SRFG)	georgiasheriffs.org
Judges of the Probate Courts Retirement Fund of Georgia – (JPCRF)	pjrf.georgia.gov
Peace Officers' Annuity and Benefit Fund of Georgia – (POAB)	poab.georgia.gov
Superior Court Clerks' Retirement Fund of Georgia – (SCCRF)	sccrf.com
Georgia Firefighters' Pension Fund – (GFPF)	gfpf.org

The employer contributions are funded by the State on behalf of the local county employer. Since the County does not contribute directly to the plans, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the County. The following table summarizes the proportional share of the collective net pension liability for each of the plans.

	ERS	GJRS	SRFG	JPCRF	POAB	SCCRF	GFPF	**Total**
County's proportionate share of the collective net pension liability	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	**$ 0**
State's proportionate share of the collective net pension liability (asset) associated with the County	49,497	(74,447)	333,053	(109,751)	(4,630)	(87,281)	672,391	**754,456**
Total Net Pension Liability (Asset)	$49,497	$(74,447)	$333,053	$(109,751)	$(4,630)	$(87,281)	$ 672,391	**$754,456**
Pension revenue and expense for State support	$(38,925)	$5,424	$(3,048)	$8,250	$3,679	$26,264	$170,327	**$229,163**

Pension plan descriptions, assumptions, and related disclosures may be found in separately issued reports as of June 30, 2018 for each of these plans, and are available at the websites listed above.

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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, 2018, 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, 2017 and 2018.

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 $16,325. 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.

NOTE 17 - SPECIAL ITEMS

The county received $1,006,626 in the form of a legal settlement of a dispute related to the Tired Creek Project. This transaction is considered a special item because it is significant and unusual in nature.

The County had previously spent $117,812 to go towards the Aquatic Center. During the year, the project was turned over to the Grady County School Board who will complete the project. These expenditures did not turn into an asset of the county and do not need to be carried as capital assets. These transactions are considered a special item because these expenditures are significant and unusual in nature.

NOTE 18 – DISCRETELY PRESENTED COMPONENT UNIT – GRADY COUNTY HEALTH DEPARTMENT

A. Deposits and Investments

Total deposits and investments as of June 30, 2018, are summarized as follows:

As reported in the Statement of Net Position:

Cash and cash equivalents	$ 479,629
Cash deposited with financial institutions	$ 488,007

Interest rate risk. The Health Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk -deposits. Custodial credit risk for deposits 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 depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, the Health Department did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

B. Capital Assets

Capital asset activity for the Grady County Health Department for the year ended June 30, 2018 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balances
Other capital assets:				
Machinery and Equipment	$ 100,416	$ -	$ -	$ 100,416
Total other capital assets at cost	100,416	-	-	100,416
Less accumulated depreciation for:				
Machinery and Equipment	(77,816)	(4,145)	-	(81,961)
Total accumulated depreciation	(77,816)	(4,145)	-	(81,961)
Other capital assets, net				
Total capital assets, net	22,600	(4,145)	-	18,455
Governmental activities capital assets, net	$ 22,600	$ (4,145)	$ -	$ 18,455

C. Long-Term Liabilities

The activity in long-term liabilities for the Grady County Health Department, a discretely presented component unit, for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	$ 34,020	$ 4,042	$ -	$ 38,062
Long-term liabilities	$ 34,020	$ 4,042	$ -	$ 38,062

D. Due To/From

As of June 30, 2018, the Grady County Health Department has amounts receivable and payable to the Georgia Department of Public Health as follows:

	Due From	Due To	Net
Grant-in-Aid	$ 29,000	$ 5,392	$ 23,608
Administrative Claiming	20,567	-	20,567
Total	$ 49,567	$ 5,392	$ 44,175

E. Retirement Plan

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 Grady County Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2018 was 24.81 % of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contribution of rate of 24.69% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees.

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 $107,900 based on qualifying salaries of $442,364.

GASB 68 Implementation

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

Contributions made during the measurement period (fiscal year ended June 30, 2017) were $100,787.

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	$ 672,638
Employer's proportion of net pension liability	0.016562%
Increase/(Decrease) from proportion measured as of June 30, 2016	-0.001270%
Employer's recognized expense	$ 45,151

	Deferred Outflows of Resources	Deferred Inflows of Resources
Diffeences between expected and actual experience	$ 7,370	$ 5
Changes of assumptions	1,531	-
Net difference between projected and actual earnings on pension plan investments	-	1,675
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	39,199
Employer Contributions subsequent to the measurement date	107,900	-
	$ 116,801	$ 40,879

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:	
2019	$ (34,727)
2020	14,270
2021	7,511
2022	(19,072)
2023	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, 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, 2016 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	$ 949,395	$ 672,638	$ 436,556

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/financials.**

F. OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

*Group Term Life Insuranc*e

At June 30, 2018, the Grady County Health Department reported a liability (asset) of $42,287 for its proportionate share of the OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2017. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability (asset) as of June 30, 2017 was determined using standard roll-forward techniques. The Grady County Health Department's proportion of the net OPEB liability (asset) was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2017. At June 30, 2017, the Grady County Health Department's proportion was 0.016270%, which was a decrease of 0.001438% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Grady County Health Department's recognized OPEB expense of $(2,968). At June 30, 2018, the Grady County Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Contributions made during the measurement period (fiscal year ended June 30, 2017):
$ 0

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:

Employer's proportionate share of net OPEB liability (asset)	$ (42,287)
Employer's proportion of net OPEB liability	0.016270%
Increase/(Decrease) from proportion meansured as of June 30, 2016	(0.001438%)
Employer's recognized OPEB expense	$ (2,968)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	6,461
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,881	-
Employer contributions subsequent to the measurement date	-	-
Total	$ 1,881	$ 6,461

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

Year ended June 30:	
2019	$ (675)
2020	(674)
2021	(1,615)
2022	(1,616)
2023	-
Thereafter	-

The total OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	Includes inflation
ERS	3.25-7.00%
GJRS	4.50%
LRS	N/A
Investment rate of return	7.50% net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Postretirement 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 2 years for both males and females for service retirements and for dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period for the period July 1, 2009-June 30, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of plan investment expenses 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 total OPEB 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Grady County Health Department's proportionate share of the net OPEB liability calculated using the discount rate of 7.50%, as well as what the Grady County Health Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.50%) or 1-percent-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net OPEB liability	$ (23,145)	$ (42,287)	$ (57,974)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publically available at www.ers.ga.gov/financials.

State Health Benefits Plan

At June 30, 2018, the Grady County Health Department reported a liability of $617,038 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques. The Grady County Health Department's proportion of the net OPEB liability was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2017. At June 30, 2017, the Grady County Health Department's proportion was 0.015145%, which was a decrease of 0.001283% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Grady County Health Department's recognized OPEB expense of $11,699. At June 30, 2018, the Grady County Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Contributions made during the measurement period (fiscal year ended June 30, 2017):	$ 75,454

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:

Employer's proportionate share of net OPEB liability (asset)	$ 617,038
Employer's proportion of net OPEB liability	0.015145%
Increase/(Decrease) from proportion meansured as of June 30, 2016	(0.001283%)
Employer's recognized OPEB expense	$ 11,669

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	2,643	44,687
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	46,157
Employer contributions subsequent to the measurement date	74,969	-
Total	$ 77,612	$ 90,844

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

Year ended June 30:	
2019	$ (26,702)
2020	(26,702)
2021	(26,702)
2022	(8,095)
2023	-
Thereafter	-

Discount Rate

The discount rate used to measure the total OPEB liability was 4.50%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Grady County Health Department's share of the collective net OPEB liability to changes in the discount rate:

	1% Decrease (2.60%)	Current Discount Rate (3.60%)	1% Increase (4.60%)
Employer's proportionate share of the net OPEB liability	$ 737,921	$ 617,038	$ 520,568

Sensitivity of the Grady County Health Department's share of the collective net OPEB liability to changes in the healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Employer's proportionate share of the net OPEB liability	$ 509,998	$ 617,038	$ 752,529

G. Restatements:

The Grady County Health Department has determined a restatement to beginning net position was required in the Governmental Activities for the implementation of GASB No. 75, which required retroactive reporting of opening balances. The effect of the restatement resulted in a change to the beginning net position as follows:

Governmental Activities net position, as previously reported	$ (309,414)
Restatement for implemenation of GASB Statement No. 75 for balances as of June 30, 2017:	
Net OPEB asset	34,738
Net OPEB liability	(769,024)
Deferred outflows of resources	75,454
Net position, as restated	$ (968,246)

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NOTE 19 – DISCRETELY PRESENTED COMPONENT UNIT – GRADY COUNTY HOSPITAL AUTHORITY

A. Deposits and Investments

Total deposits and investments as of December 31, 2018 are summarized as follows:

Cash and cash equivalents	$ 99,856
Deposits with financial institutions	$ 99,856

B. Capital Assets

Capital asset activity for the Grady County Hospital Authority for the year ended December 31, 2018 is as follows:

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	(3,237,601)	(25,060)	-	(3,262,661)
Total accumulated depreciation	(3,237,601)	(25,060)	-	(3,262,661)
Other capital assets, net				
Total capital assets, net	566,867	(25,060)	-	541,807
Governmental activities capital assets, net	$ 625,459	$ (25,060)	$ -	$ 600,399

REQUIRED SUPPLEMENTARY INFORMATION

Grady County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Taxes	$ 10,933,683	$ 13,227,901	$ 12,206,391	$ (1,021,510)
Licenses & Permits	107,000	107,000	96,996	(10,004)
Intergovernmental	432,663	432,663	248,203	(184,460)
Fines, Forfeitures & Penalties	461,200	461,200	468,156	6,956
Charges for Services	1,361,300	1,361,300	1,540,568	179,268
Investment Income	5,000	5,000	24,883	19,883
Miscellaneous	241,900	241,900	1,210,958	969,058
Total Revenues	13,542,746	15,836,964	15,796,155	(40,809)
EXPENDITURES				
General Government				
County commissioners	455,648	466,648	449,919	16,729
Registrar	55,952	58,000	56,107	1,893
Elections	55,000	55,000	53,059	1,941
Tax Assessor	306,184	271,184	266,901	4,283
Tax Commissioner	260,922	282,922	277,115	5,807
Buildings and Grounds	374,058	344,058	327,080	16,978
General administration	2,189,290	2,464,000	2,423,352	40,648
Interagency	368,981	368,981	331,438	37,543
Total General Government	4,066,035	4,310,793	4,184,971	125,822
Judicial				
Superior court	245,749	330,749	322,217	8,532
Clerk of superior court	285,298	285,298	281,224	4,074
State court	128,323	145,323	145,260	63
Juvenile court	50,488	58,488	57,770	718
Probate court	159,193	159,193	151,987	7,206
Magistrate court	161,417	165,417	161,220	4,197
Total Judicial	1,030,468	1,144,468	1,119,678	24,790
Public Safety				
Sheriff	1,317,836	1,517,836	1,486,677	31,159
Jail	1,230,101	1,444,849	1,426,497	18,352
Fire fighting	411,742	361,742	345,619	16,123
Ambulance services	1,008,648	1,113,648	1,094,177	19,471
Emergency Management	3,750	62,000	60,802	1,198
Coroner	27,500	27,500	21,101	6,399
Total Public Safety	3,999,577	4,527,575	4,434,873	92,702
Public Works				
Roads and bridges	1,351,018	1,716,018	1,679,710	36,308
Solid waste	589,278	595,278	581,002	14,276
Shop	241,853	254,853	248,255	6,598
Total Public Works	2,182,149	2,566,149	2,508,967	57,182
Health and Welfare				
Health	118,015	106,015	99,142	6,873

Grady County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Total Health and Welfare	118,015	106,015	99,142	6,873
Housing and development	376,087	381,000	372,258	8,742
Culture and Recreation				
Recreation	400,606	440,606	440,434	172
Parks	260,639	571,980	488,504	83,476
Total Culture and Recreation	661,245	1,012,586	928,938	83,648
Debt Service				
Principal	-	775,000	775,000	-
Interest	291,000	451,000	450,781	219
Total Debt Service	291,000	1,226,000	1,225,781	219
Total Expenditures - All Departments	12,724,576	15,274,586	14,874,608	399,978
Net Excess	818,170	562,378	921,547	359,169
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt Agreements	84,000	84,000	91,661	7,661
Transfers In (Out)	(644,358)	(644,358)	(438,062)	206,296
Total Other Financing Sources (Uses)	(560,358)	(560,358)	(346,401)	213,957
Net Excess after Transfers	257,812	2,020	575,146	573,126
Fund balances, beginning of year	8,515,896	8,515,896	8,515,896	-
Fund balances, end of year	$ 8,773,708	$ 8,517,916	$ 9,091,042	$ 573,126

Note A-Explanation of Differences between Revenues, Expenditures and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis

Financial Statements General Fund:	General Fund
Expenditures	
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	$ 14,874,608
Adjustments:	
The County records expenditures on the cash basis of accounting for budgetary purposes.	42,306
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	$ 14,916,914

Grady County, Georgia
Budgetary Comparison
For the Year Ended December 31, 2018

Note B to Required Supplementary Information

Budget and Budgetary Accounting

Listed below is a summary of the procedures followed by the County in establishing the budgetary data reflected in the budgetary comparison schedule;

At least three months prior to year-end the County Finance Director and budget managers begin work on the proposed operating budget for the coming fiscal year;

Public Hearings are conducted to obtain taxpayer comments;

The budget is legally enacted through passage of a resolution;

Budget managers are restricted to budgeted amounts by department;

The County adopts a General Fund budget that provides for most of the appropriations of the governmental activities of the County. The County adopts budgets for Special Revenue and Debt Service funds as required by Georgia law. These budgets are not adopted on a basis consistent with generally accepted accounting principles. Budgets for Capital Projects are prepared for the project life rather than for the current fiscal year. Project appropriations for these budgets do not lapse at the end of each fiscal year but rather at the conclusion of the project.

All appropriations (except Capital Project Funds' appropriations) lapse at year-end. There were no material purchase orders, contracts or other commitments which were encumbered.

Capital Projects Funds use project budgeting.

Fiduciary type funds are agency funds and budgets are not prepared for these funds.

The legal level of budgetary control is at the department level with the exception of the salaries and benefits line items. Transfers between departments require approval of County Commissioners.

Grady County, Georgia
Required Supplementary Information - Pension Plan
December 31, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2018	2017	2016	2015
Total Pension Liability as of beginning of year	$ 4,600,423	$ 4,767,653	$ 4,208,584	$ 3,827,758
Service cost	121,496	98,299	115,821	115,172
Interest	333,531	339,615	315,644	282,021
Plan change	-	-	-	-
Assumption change	392,880	9,327	150,365	148,999
Benefit payments (adjusted for interest)	(202,840)	(166,634)	(144,305)	(134,961)
Experience (gain)/(loss)	(12,201)	(447,837)	121,544	(30,405)
Total Pension Liability as of December 31, 2018	$ 5,233,289	$ 4,600,423	$ 4,767,653	$ 4,208,584
Fiduciary Net Position as of beginning of year	$ 3,821,182	$ 3,339,513	$ 3,097,059	$ 3,029,546
Employer contributions	97,992	97,441	158,395	144,282
Employee contributions (including buyback)	91,990	87,778	80,436	83,706
Net investment income	(167,870)	520,980	215,740	19,214
Benefit payments	(149,146)	(166,634)	(139,089)	(134,961)
Employee contribution refunds	(46,598)	-	-	-
Administrative expense	(19,392)	(15,391)	(19,886)	(16,465)
Other	(34,905)	(42,505)	(53,142)	(28,263)
Fiduciary Net Position as of December 31, 2018	$ 3,593,253	$ 3,821,182	$ 3,339,513	$ 3,097,059
Net position liability as of beginning of year	$ 779,241	$ 1,428,140	$ 1,111,525	$ 798,212
Net pension liability as of end of year	$ 1,640,036	$ 779,241	$ 1,428,140	$ 1,111,525
Fiduciary Net Position as a percentage of Total Pension Liability	68.7%	83.1%	70.0%	73.6%
Covered-employee payroll	$ 2,960,313	$ 2,492,519	$ 2,703,699	$ 2,675,452
Net pension liability as a percentage of covered-employee payroll	55.4%	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, 2018

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 95,313	$ 101,955	$ 158,395	$ 144,282	$ 139,137
Contribution in relation to the actuarially determined contribution	97,992	97,441	158,395	144,282	139,137
Contribution deficiency (excess)	$ (2,679)	$ 4,514	$ -	$ -	$ -
Covered-employee payroll	$ 2,960,313	$ 2,492,519	$ 2,703,699	$ 2,675,452	$ 3,089,928
Contributions as a percentage of covered-employee payroll	3.3%	3.9%	5.9%	5.4%	4.5%

Notes to Schedule:

Valuation date	January 1, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Asset valuation method	Smoothed market value
Salary increases	5.50%
Investment rate of return	7.00%
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 2018

Grady County, Georgia
Required Supplementary Information - Pension Plan
December 31, 2018

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

	2018	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	$ 308,677	$ 402,696	$ 124,539
County's covered-employee payroll	n/a	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	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	65.34%	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	$ 4,630	$ 17,973	$ (33,226)
County's covered-employee payroll	n/a	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	n/a
Plan fiduciary net pension as a percentage of the total pension liability	101.62%	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, 2018

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, 2018

	Special Revenue Funds	CDBG 14 Capital Projects Fund	CDBG Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Totals
Assets					
Accounts receivable	$ 52,524	$ -	$ -	$ -	$ 52,524
Restricted cash	431,321	15	100	807,374	1,238,810
Total Assets	483,845	15	100	807,374	1,291,334
Liabilities & Fund Balances					
Liabilities					
Accounts payable	603	-	-	-	603
Due to other funds	-	-	100	-	100
Total Liabilities	603	-	100	-	703
Fund Balances					
Restricted for:					
Capital projects funds	-	-	-	807,374	807,374
Legal Reference Materials	20,943	-	-	-	20,943
Public Safety	236,642	-	-	-	236,642
Public Works	-	15	-	-	15
Recreation	225,657	-	-	-	225,657
Total Fund Balances	483,242	15	-	807,374	1,290,631
Total Liabilities and Fund Balance	$ 483,845	$ 15	$ 100	$ 807,374	$ 1,291,334

Grady County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major - Special Revenue Funds
For the Year Ended December 31, 2018

	Special Revenue Funds	CDBG 14 Capital Projects Fund	CDBG Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Totals
Revenues					
Fines	$ 11,011	-	-	$ -	$ 11,011
Charges for Services	425,772	-	-	-	425,772
Intergovernmental	220,421	-	-	-	220,421
Donations	206,230	-	-	-	206,230
Interest	1,595	-	-	1,257	2,852
Miscellaneous	26,327	-	-	-	26,327
Total Revenues	891,356	-	-	1,257	892,613
Expenditures					
Current					
General Government	1,017,217	-	-	-	1,017,217
Public Safety	229,143	-	-	-	229,143
Culture and Recreation	37,663	-	-	-	37,663
Capital Outlay					
Public Safety	8,815	-	-	40,394	49,209
Culture and Recreation	-	-	-	16,100	16,100
Total Expenditures	1,292,838	-	-	56,494	1,349,332
Excess (deficiency) of revenues over expenditures	(401,482)	-	-	(55,237)	(456,719)
Other Financing Sources					
Transfers in	638,062	-	-	-	638,062
Total other financing sources	638,062	-	-	-	638,062
Net Change in Fund Balance	236,580	-	-	(55,237)	181,343
Fund balance - beginning	246,662	15	-	862,611	1,109,288
Fund balance - ending	$ 483,242	15	-	$ 807,374	$ 1,290,631

Grady County, Georgia
Combining Balance Sheet
Non-Major - Special Revenue Funds
December 31, 2018

	Law Library Fund	E-911 Fund	Confiscated Assets Fund	Drug Abuse & Treatment Fund	Friends Against Drugs Squad Fund	Recreation	Totals
Assets							
Accounts receivable	$ -	$ 52,524	$ -	$ -	$ -	$ -	$ 52,524
Restricted cash	20,943	49,850	16,739	111,153	6,979	225,657	431,321
Total Assets	$ 20,943	$ 102,374	$ 16,739	$ 111,153	$ 6,979	$ 225,657	$ 483,845
Liabilities & Fund Balances							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ 603	$ -	$ -	$ 603
Total Liabilities	-	-	-	603	-	-	603
Fund Balances							
Restricted for:							
Legal Reference Materials	20,943	-	-	-	-	-	20,943
Public Safety	-	102,374	16,739	110,550	6,979	-	236,642
Recreation	-	-	-	-	-	225,657	225,657
Total Fund Balances	20,943	102,374	16,739	110,550	6,979	225,657	483,242
Total Liabilities and Fund Balance	$ 20,943	$ 102,374	$ 16,739	$ 111,153	$ 6,979	$ 225,657	$ 483,845

Grady County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major - Special Revenue Funds
For the Year Ended December 31, 2018

	Law Library Fund	E-911 Fund	Confiscated Assets Fund	Drug Abuse & Treatment Fund	Friends Against Drugs Squad Fund	Recreation	Totals
Revenues							
Fines	$ 11,011	$ -	$ -	$ -	$ -	$ -	$ 11,011
Charges for Services	-	413,843	-	11,929	-	-	425,772
Intergovernmental	-	-	-	220,421	-	-	220,421
Donations						206,230	206,230
Interest	34	914	33	586	-	28	1,595
Miscellaneous	-	-	1,954	21,373	3,000	-	26,327
Total Revenues	11,045	414,757	1,987	254,309	3,000	206,258	891,356
Expenditures							
Current							
General Government	11,335	1,005,882	-	-	-	-	1,017,217
Public Safety	-	-	3,391	222,322	3,430	-	229,143
Recreation	-	-	-	-	-	37,663	37,663
Capital Outlay							
Public Safety	-	-	8,815	-	-	-	8,815
Total Expenditures	11,335	1,005,882	12,206	222,322	3,430	37,663	1,292,838
Excess (deficiency) of revenues over expenditures	(290)	(591,125)	(10,219)	31,987	(430)	168,595	(570,077)
Other Financing Sources							
Transfers in	-	581,000	-	-	-	57,062	638,062
Total other financing sources	-	581,000	-	-	-	57,062	638,062
Net Change in Fund Balance	(290)	(10,125)	(10,219)	31,987	(430)	225,657	236,580
Fund balance - beginning	21,233	112,499	26,958	78,563	7,409	-	246,662
Fund balance-ending	$ 20,943	$ 102,374	$ 16,739	$ 110,550	$ 6,979	$ 225,657	$ 483,242

Grady County, Georgia
Budgetary Basis Comparison Schedule
Law Library - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Fines & forfeitures	$ -	$ -	$ 11,011	$ 11,011
Interest	-	-	34	34
Total Revenues	-	-	11,045	11,045
Expenditures				
Court System	-	-	11,335	(11,335)
Total Expenditures	-	-	11,335	(11,335)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(290)	(290)
Fund balance - beginning	20,943	20,943	20,943	-
Fund balance - ending	$ 20,943	$ 20,943	$ 20,653	$ (290)

Grady County, Georgia
Budgetary Basis Comparison Schedule
E-911 - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Charges for Services	$ 644,358	$ 995,000	$ 413,843	$ (581,157)
Interest	-	-	914	914
Total Revenues	644,358	995,000	414,757	(580,243)
Expenditures				
Public Safety	644,358	995,000	902,792	92,208
Total Expenditures	644,358	995,000	902,792	92,208
Excess (Deficiency) of Revenues Over Expenditures	-	-	(488,035)	(488,035)
Other Financing Sources				
Transfers In	-	-	581,000	581,000
Total Other Financing Sources	-	-	581,000	581,000
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	-	-	92,965	92,965
Fund balance - beginning	112,499	112,499	112,499	-
Fund balance - ending	$ 112,499	$ 112,499	$ 205,464	$ 92,965

Grady County, Georgia
Budgetary Basis Comparison Schedule
Confiscated Assets - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Interest	$ -	$ -	$ 33	$ 33
Miscellaneous	-	10,000	1,954	(8,046)
Total Revenues	-	10,000	1,987	(8,013)
Expenditures				
Public Safety	-	10,000	8,815	1,185
Total Expenditures	-	10,000	8,815	1,185
Excess (Deficiency) of Revenues Over Expenditures	-	-	(6,828)	(6,828)
Fund balance - beginning	26,958	26,958	26,958	-
Fund balance - ending	$ 26,958	$ 26,958	20,130	$ (6,828)

Grady County, Georgia
Budgetary Basis Comparison Schedule
Drug Abuse & Treatment - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Charges for services	$ -	$ 12,000	$ 11,929	$ (71)
Intergovernmental	195,900	221,000	220,421	
Interest	-	-	586	586
Miscellaneous	-	22,000	21,298	(702)
Total Revenues	195,900	255,000	254,234	(187)
Expenditures				
Public Safety	195,900	255,000	219,920	35,080
Total Expenditures	195,900	255,000	219,920	35,080
Excess (Deficiency) of Revenues Over Expenditures	-	-	34,314	34,893
Fund balance - beginning	78,563	78,563	78,563	-
Fund balance - ending	$ 78,563	$ 78,563	$ 112,877	$ 34,314

Grady County, Georgia
Budgetary Basis Comparison Schedule
Friends Against Drugs Squad Fund - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Miscellaneous	$ -	$ -	$ 3,000	$ 3,000
Total Revenues	-	-	3,000	3,000
Expenditures				
Public Safety	-	-	3,430	(3,430)
Total Expenditures	-	-	3,430	(3,430)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(430)	(430)
Fund balance - beginning	7,409	7,409	7,409	-
Fund balance - ending	$ 7,409	$ 7,409	$ 6,979	$ (430)

Grady County, Georgia
Budgetary Basis Comparison Schedule
Recreation - Special Revenue Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Donations	$ -	$ 100,000	206,230	$ 106,230
Interest	-	-	28	28
Total Revenues	-	100,000	206,258	106,258
Expenditures				
Recreation	-	100,000	37,663	62,337
Total Expenditures	-	100,000	37,663	62,337
Excess (Deficiency) of Revenues Over Expenditures	-	-	168,595	168,595
Other Financing Sources				
Operating Transfers In (Out)	-	-	57,062	57,062
Total Other Financing Sources	-	-	57,062	57,062
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	-	-	225,657	225,657
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ 225,657	$ 225,657

Grady County, Georgia
For the Year Ended December 31, 2018

FIDUCIARY FUNDS

Grady County, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2018

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Totals
Assets						
Restricted assets:						
Cash and cash equivalents	$ 75,112	$ 4,960	$ 7,225,811	$ 22,199	$ 50,283	$ 7,378,365
Property tax receivable	-	-	2,633,346	-	-	2,633,346
Total assets	$ 75,112	$ 4,960	$ 9,859,157	$ 22,199	$ 50,283	$ 10,011,711
Liabilities						
Due to others	$ 75,112	$ 4,960	$ 7,225,811	$ 22,199	$ 50,283	$ 7,378,365
Uncollected taxes	-	-	2,633,346	-	-	2,633,346
Total liabilities	$ 75,112	$ 4,960	$ 9,859,157	$ 22,199	$ 50,283	$ 10,011,711

STATE REPORTING REQUIREMENTS

Grady County, Georgia
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2018

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, 2018

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)	$	5,660
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		$	978,585
	General Supplies and Materials		$	21,395

Grady County, Georgia
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2018

	Repairs	$	242
		$	
		$	
		$	
		$	
		$	
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	$	1,005,882

Reconciling Note:

	Non-Allowable Items		
	Professional Fees		
	Total Expenditures on Combining Statement of Revenues, Expenditures & Changes in Fund Balance	$	1,005,882

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 _____ Date_6/30/19_____

Print Name of Chief Elected Official _____

Title of Chief Elected Official _____

Signature of Chief Financial Officer_____ Date___6/30/19_____

Print Name of Chief Financial Officer _____

Grady County, Georgia
Schedule of Special Purpose
Local Option Sales Tax - 2013-2019
For the Year Ended December 31, 2018

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	209,606	40,394	250,000	100.00%
Hospital Authority Imaging Center	1,500,000	1,585,174	-	1,585,174	105.68%
Grady County Library	120,000	125,139	-	125,139	104.28%
Aquatic Center Recreational Facility	900,000	100,563	16,100	116,663	12.96%
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	4,649,302	-	4,649,302	108.82%
City of Whigham	325,000	341,675	-	341,675	105.13%
Total capital expenditures	$ 14,000,000	$ 21,048,051	$ 56,494	$ 21,104,545	
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	4,782,442	446,964	5,229,406	87.16%
City of Cairo	6,912,000	3,436,935	988,589	4,425,524	64.03%
City of Whigham	342,000	164,935	48,915	213,850	62.53%
Total expenditures	$ 18,000,000	$ 8,395,123	$ 1,484,468	$ 9,879,591	

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

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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, 2018, 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, 2019. 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-I, 2017-M, and 2018-A* 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-B 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, 2019

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 2019 year.

2017-I

Condition:

Audit work revealed that one bank 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.

Management's Response:

Management agrees and committed to making needed changes for the 2019 year.

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) agree and will continue to seek out new ways to compensate for the lack of segregation of duties.

2018-A

Condition:

Unusual and very questionable activity was discovered in relation to one county employee's payroll withholdings.

Criteria:

Internal controls did not prevent withholdings from being repeatedly manipulated.

Cause:

Weak or lack of proper internal controls.

Effect:

The accounting system appears to have been manipulated and went undetected in a timely manner.

Recommendation:

Withholdings for each employee should be monitored and reconciled each month to verify amounts are properly withheld and payout cancel each period.

Management's Response:

Management agrees and internal controls have been strengthened in a way that should greatly reduce or eliminate any such overrides in the future.