

**JONES COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**AUGUST 31, 2015**

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**FOR THE FISCAL YEAR ENDED AUGUST 31, 2015**

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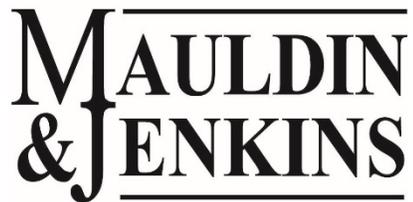
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## INDEPENDENT AUDITOR'S REPORT

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**Board of Commissioners  
of Jones County, Georgia  
Gray, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia (the "County") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Development Authority of Jones County, a blended component unit of Jones County, Georgia, which represents 12.3%, 12.1% and 24.8%, respectively, of the assets, fund equity, and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Jones County Board of Health, which represents 100% of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority of Jones County and the Jones County Board of Health, is based solely on the reports 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.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia, as of August 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 10 and 13, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, as of September 1, 2014. These standards significantly changed the accounting for the County's net pension liability and related disclosures. Our opinions are not modified with respect to this matter.

### ***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 4 through 13) and the Schedules of Required Supplementary Information (on pages 66 through 68) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for tax purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 February 24, 2016, on our consideration of Jones County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
February 24, 2016

# JONES COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### AUGUST 31, 2015

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As management of Jones County, Georgia, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended August 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

#### **Financial Highlights**

- The assets of the County exceeded its liabilities at August 31, 2014, by \$41,326,045 (net position as restated) and at August 31, 2015, by \$40,214,399 (net position). Of this amount, (\$1,285,253) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, which is a decrease in unrestricted net position from the prior year of \$1,111,646.
- At August 31, 2015, the County's total fund balances as summarized for all governmental fund types on page 19 of the financial statements were \$9,612,650. At August 31, 2014, the County's total fund balances as summarized for all governmental funds were \$6,869,181, an increase of \$2,743,468, or approximately 40%, from the 2014 fiscal year.

#### **Overview of the Financial Statements**

This Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements: 1) the statement of net position and 2) the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The County's increase in its unrestricted net position in 2014 demonstrated the continued improvement in the County's financial position, and in 2015 a decrease in unrestricted net position shows a slight deterioration in the County's financial position. Evaluation of the overall health of the County would extend to other non-financial factors such as the condition of the County infrastructure, in addition to the financial information provided in this report.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development.

The business-type activities of the County include water and sewer, and the golf course (resolution adopted by Governing Body on November 2014 to dissolve Lake Jonesco Golf Course Enterprise Fund and transfer the assets to governmental activities). The government-wide financial statements include not only the County itself (known as the primary government), but also the Jones County Department of Public Health (discretely presented component unit; is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County) and the Jones County Development Authority (blended component unit; although a legally separate entity, is in substance, part of the County's operations). These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for the blended component unit is reported within the County's financial statements as a special revenue fund. Financial information for the discretely presented component unit is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains governmental funds to account for the following activities: General; Special Revenue (Jail Improvement, Drug Education, Law Library, Confiscation, Enhanced 911, Juvenile Costs and Fees, and the Development Authority of Jones County); Capital Projects (2006 Transportation Enhancement Activities, 2009 SPLOST Capital Projects, Central Complex Expansion Fund, 2015 SPLOST Capital Projects, and Impact Fee Fund); and Debt Service (River North Tax District Debt Service). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 2009 SPLOST Capital Projects, and the Central Complex Expansion, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The County adopts an annual appropriated budget for its general, special revenue, capital projects, and debt service funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Proprietary funds.** The County uses enterprise funds, also known as the business-type functions, to account for the Jones County Water and Sewer Fund and Lake Jonesco Golf Course (resolution adopted by Governing Body on November 2014 to dissolve Lake Jonesco Golf Course Enterprise Fund and to transfer the assets to governmental activities). The proprietary funds are reflected in the business-type activities of the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$41,326,045 at the close of the 2014 fiscal year and by \$40,214,399 at the close of the 2015 fiscal year, a decrease of \$1,111,646. Of the \$41,326,045, \$28,191,062 resulted from governmental activities and \$13,134,983 resulted from the County's business-type activities in 2014. In comparison, for fiscal year 2015, of the \$40,214,399, \$28,432,017 resulted from the County's governmental activities and \$11,782,382 resulted from the County's business-type activities.

By far the largest portion of the County's net position (85% in 2014 and 91% in 2015) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Jones County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 8,152,769	\$ 10,607,149	\$ 723,921	\$ 491,854	\$ 8,876,690	\$ 11,099,003
Capital assets	28,155,457	29,183,065	14,273,285	12,838,899	42,428,742	42,021,964
Total assets	<u>36,308,226</u>	<u>39,790,214</u>	<u>14,997,206</u>	<u>13,330,753</u>	<u>51,305,432</u>	<u>53,120,967</u>
Deferred outflows of resources	42,808	92,182	-	-	42,808	92,182
Other liabilities	1,221,025	886,819	207,191	248,261	1,428,216	1,135,080
Long-term liabilities outstanding	6,938,947	10,563,560	1,655,032	1,300,110	8,593,979	11,863,670
Total liabilities	<u>8,159,972</u>	<u>11,450,379</u>	<u>1,862,223</u>	<u>1,548,371</u>	<u>10,022,195</u>	<u>12,998,750</u>
Net position:						
Net investment in capital assets	24,863,555	24,897,409	12,676,263	11,530,309	37,539,818	36,427,718
Restricted	1,673,273	5,051,738	53,802	20,196	1,727,075	5,071,934
Unrestricted	1,654,234	(1,517,130)	404,918	231,877	2,059,152	(1,285,253)
Total net position	<u>\$ 28,191,062</u>	<u>\$ 28,432,017</u>	<u>\$ 13,134,983</u>	<u>\$ 11,782,382</u>	<u>\$ 41,326,045</u>	<u>\$ 40,214,399</u>

An additional portion of the County's total net position (4% in 2014 and 13% in 2015) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net position (\$2,059,152 in 2014 and (\$1,285,253) in 2015) will be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position, for the government as a whole as well as for its separate governmental activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Change in Net Position.** Governmental activities decreased the County's net position by \$757,341 in 2014 and an increase of \$240,955 in 2015. Business-type activities increased the County's net position by \$545,758 in 2014 and decreased by \$1,352,601 in 2015, respectively. Key elements of these are as follows:

<b>Jones County's Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,720,261	\$ 2,680,737	\$ 2,150,857	\$ 2,129,110	\$ 4,871,118	\$ 4,809,847
Operating grants and contributions	764,091	770,197	-	-	764,091	770,197
Capital grants and contributions	519,919	449,195	449,856	-	969,775	449,195
General revenues:						
Property taxes	10,736,654	10,389,448	-	-	10,736,654	10,389,448
Sales taxes	3,533,750	3,606,797	-	-	3,533,750	3,606,797
Other taxes	1,456,622	1,537,664	-	-	1,456,622	1,537,664
Unrestricted investment earnings	18,193	25,315	1,346	933	19,539	26,248
<b>Total revenues</b>	<b>19,749,490</b>	<b>19,459,353</b>	<b>2,602,059</b>	<b>2,130,043</b>	<b>22,351,549</b>	<b>21,589,396</b>
<b>Expenses</b>						
General government	3,955,212	4,328,798	-	-	3,955,212	4,328,798
Judicial	1,398,283	1,493,401	-	-	1,398,283	1,493,401
Public safety	7,391,942	6,811,818	-	-	7,391,942	6,811,818
Public works	5,070,023	4,838,647	-	-	5,070,023	4,838,647
Health and welfare	451,015	452,637	-	-	451,015	452,637
Culture and recreation	726,618	1,233,382	-	-	726,618	1,233,382
Housing and development	593,433	630,574	-	-	593,433	630,574
Interest on long-term debt	114,640	160,621	-	-	114,640	160,621
Water and sewer	-	-	2,424,968	2,751,164	2,424,968	2,751,164
Golf course	-	-	436,998	-	436,998	-
<b>Total expenses</b>	<b>19,701,166</b>	<b>19,949,878</b>	<b>2,861,966</b>	<b>2,751,164</b>	<b>22,563,132</b>	<b>22,701,042</b>
Change in net position before transfers	48,324	(490,525)	(259,907)	(621,121)	(211,583)	(1,111,646)
Transfers	(805,665)	731,480	805,665	(731,480)	-	-
Change in net position	(757,341)	240,955	545,758	(1,352,601)	(211,583)	(1,111,646)
Net position, beginning, as restated	32,254,906	28,191,062	12,589,225	13,134,983	44,844,131	41,326,045
<b>Net position, ending</b>	<b>\$ 31,497,565</b>	<b>\$ 28,432,017</b>	<b>\$ 13,134,983</b>	<b>\$ 11,782,382</b>	<b>\$ 44,632,548</b>	<b>\$ 40,214,399</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the 2015 fiscal year, the County's governmental funds reported combined ending fund balances of \$9,612,650, an increase of \$2,743,469 in comparison with the prior year. Specifically, the restricted fund balance for debt service increased by \$11,042; the fund balance nonspendable for inventory increased by \$5,467; nonspendable fund balance for prepaid items decreased by \$3,148; unassigned total governmental funds decreased by \$637,315; restricted fund balance for judicial and public safety decreased by \$34,192; and restricted fund balance in the capital project funds increased \$3,403,549. Due to the implementation of GASB 61, the County was required to present the Development Authority of Jones County as a blended component unit, which resulted in a restricted fund balance for economic development in the amount of \$141,269. Approximately 43% of the combined fund balance constitutes unassigned fund balance \$4,171,688, which is available for spending at the government's discretion. The remainder of the 2015 fund balance \$5,440,962 is classified as nonspendable \$389,224, and restricted \$5,051,738 to indicate that it is not available for new spending because the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,190,831, while total fund balance of the General Fund reached \$4,579,628. The 2015 unassigned fund balance of the General Fund decreased \$642,515 and the nonspendable fund balance increased \$11,054. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total General Fund expenditures, while total fund balance represents 27% of that same amount.

The fund balance of the County's total General Fund decreased in the amount of \$631,461 during the current fiscal year. The actual County's revenues collected in 2015 were more than the final amended budget by \$474. The County's expenditures were more than the final amended budget by \$152,456. With the other financing sources and uses (\$51,875), the net result is the decrease of \$631,461.

The 2015 SPLOST Capital Projects fund accounts for the financial resources provided from the 2015 one percent Special Purpose Local Option Sales Tax. These resources must be used for government buildings- including tax commissioner's office, public safety capital improvements, parks and recreation-Hwy 49 track-community parks, public works capital projects, animal control and library capital improvements, emergency management, industrial park capital improvements, golf course capital improvements, water and sewer improvements for Jones County and shared revenue of 17.5% with the City of Gray for water and sewer improvements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The 2009 SPLOST Capital Projects fund accounts for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax. These resources must be used for recreation facilities and equipment, public works capital projects, sheriff's department capital improvements, rehabilitation of government buildings, including animal control facility, renovation of Old Clinton Tanyard, library capital improvements, emergency management facilities and equipment, industrial park capital improvements, golf course capital improvements, and shared revenue of 19.2% with the City of Gray for water and sewer improvements. At the end of the 2015 fiscal year, the 2009 SPLOST Capital Projects Fund had a restricted fund balance of \$1,196,071.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund types are enterprise funds.

At the end of the current fiscal year, unrestricted net position of the Water and Sewer Fund was \$231,877, a decrease of \$225,435, or 49% from 2014. Unrestricted net position of the Golf Course Fund went from (\$52,394) in 2014 to zero in 2015, resulting in combined total unrestricted net position of \$231,877, a decrease of \$173,041. The Water and Sewer Fund reflects restricted net position of \$10,611 for debt service, a decrease of \$3,662. For the years ended August 31, 2015 and 2014, the proprietary funds had total net position of \$11,782,382 and \$13,134,983, respectively. This is a decrease in total net position for the proprietary funds in the amount of (\$1,352,601).

### Jones County Enterprise Net Operating Income (Loss), Non-operating Revenues (Expenses) and Transfers

	2014	2015
Net operating income (loss):		
Water and Sewer Fund	\$ (401,071)	\$ (574,565)
Golf Course Fund	(297,692)	-
Total net operating income (loss)	(698,763)	(574,565)
Non-operating revenues (expenses)	(11,000)	(805,936)
Income (loss) before transfers and contributions	(709,763)	(1,380,501)
Capital Contributions	1,002,954	-
Transfers in (out)	252,567	27,900
Change in net position	\$ 545,758	\$ (1,352,601)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Budgetary Highlights

The major impact between the actual and the final amended budget was the unrecorded issuance of long term debt within our data processing for new financial software for the county in the amount of (\$149,928) for fiscal year end. Increase in spending caused by rising costs resulted in additional funds being used out of contingency in general administration. With continued rising costs, which outpace moderate revenue increases, the County is steadily emerging from the recession and the collapse of the housing market in 2008. The actual net change in fund balance was a decrease of \$631,461. End of year actual fund balance is \$4,579,628 in the General Fund, which will cover expenses for approximately two and half months.

### Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental activities as of August 31, 2015, increased \$1,027,608 to \$29,183,065 (net of accumulated depreciation) which includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2015. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2015. The County's investment in capital assets for its business-type activities as of August 31, 2015 decreased \$1,434,386 to \$12,838,899. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

#### Jones County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 4,142,210	\$ 4,365,090	\$ 211,047	\$ 88,167	\$ 4,353,257	\$ 4,453,257
Intangibles	36,000	42,640	-	-	36,000	42,640
Land improvements	2,936,911	3,303,566	-	-	2,936,911	3,303,566
Buildings and improvements	8,302,168	8,770,650	291,788	166,609	8,593,956	8,937,259
Golf course improvements	-	-	526,254	-	526,254	-
Machinery and equipment	2,417,799	2,150,199	363,073	146,901	2,780,872	2,297,100
Furniture and fixtures	-	-	-	-	-	-
Water system	-	-	11,063,548	10,723,903	11,063,548	10,723,903
Water storage tanks	-	-	1,014,642	888,964	1,014,642	888,964
RN sewer system	-	-	773,560	730,361	773,560	730,361
Pumping station	-	-	29,373	19,110	29,373	19,110
Infrastructure	7,923,463	7,460,895	-	-	7,923,463	7,460,895
Construction in progress	2,396,906	3,090,025	-	74,884	2,396,906	3,164,909
<b>Total</b>	<b>\$ 28,155,457</b>	<b>\$ 29,183,065</b>	<b>\$ 14,273,285</b>	<b>\$ 12,838,899</b>	<b>\$ 42,428,742</b>	<b>\$ 42,021,964</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Major projects in 2015 included the following:

- New TE Haddock Walkways (not completed)
- HWY 18 Recreation Expansion (not completed)
- Old Mattie Wells Gym (not completed)
- Industrial Park-road infrastructure improvement (not completed)
- Tanyard (not completed)
- Jail Expansion (not completed)
- Gray Hwy Water Lines (not completed)
- River North Rehab-GEFA (not completed)
- Briarwood Circle (not completed)
- Industrial Park Fire Station #11 (completed)

**Long-term debt.** At the end of the current fiscal year, Jones County had total outstanding bonded debt of \$2,874,000, which is secured solely by specified revenue services. The total long-term debt of the County, other than bonds, is \$9,033,669.

- Capital Leases are used to finance new equipment in various departments.
- The Compensated Absences line item reflects the vacation pay employees have earned but not yet taken.
- The County closed its landfill located on Overland Way in 1996. Federal and state laws require maintenance and monitoring of the landfill for a period of 30 years. The County has 11 years of monitoring remaining. The costs of monitoring have been estimated based on what it would cost to perform all postclosure care in 2015. However, the actual cost may be higher due to inflation, changes in technology, or changes in laws.

### Jones County's Long-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,785,000	\$ -	\$ 165,000	2,620,000	\$ 175,000
Notes payable	73,983	3,641,033	23,219	3,691,797	145,841
Capital leases	626,044	149,623	128,457	647,210	186,262
Landfill postclosure	240,000	24,000	22,000	242,000	22,000
Compensated absences	503,653	281,872	230,237	555,288	444,230
Net pension liability	2,928,164	1,140,680	1,261,580	2,807,264	-
	<u>\$ 7,156,844</u>	<u>\$ 5,237,208</u>	<u>\$ 1,830,493</u>	<u>\$10,563,559</u>	<u>\$ 973,333</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 294,000	\$ -	\$ 40,000	\$ 254,000	\$ 44,000
Notes payable	1,108,415	-	53,825	1,054,590	55,685
Compensated absences	33,238	8,920	6,638	35,520	28,416
Total	<u>\$ 1,435,653</u>	<u>\$ 8,920</u>	<u>\$ 100,463</u>	<u>\$ 1,344,110</u>	<u>\$ 128,101</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Economic Factors and Next Year's Budgets

- The unemployment rate for the County is at 5.6% which is lower than the Middle Georgia rate of 6.8%, and the State of Georgia rate of 7.0% (revised December 2014 data). (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: [www.dol.state.ga.us](http://www.dol.state.ga.us)).
- The County anticipates an increase in the amount of Local Option Sales Tax Revenues in the future with the construction of the North Gray Bypass, the estimate for the completion of the bypass is 18 months to two years after construction has started. The County, the City of Gray, and the City of Macon renegotiated its revenue sharing arrangements for LOST in 2015. The County will receive 82.5% and the City of Gray will receive 17.5%. These numbers were previously based on population as opposed to revenues. (Georgia Department of Revenue website: [www.etax.dor.ga.gov](http://www.etax.dor.ga.gov)).
- The value of the County's tax digest decreased from \$702,822,082 to \$690,573,434, and the County has adopted a Freeport ordinance granting a 100% exemption to encourage and promote economic growth.
- The County's Net Maintenance and Operations (M&O) millage rate in the unincorporated area went from (13.404) to (13.447).

### Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Jones County, P.O. Box 1359, Gray, Georgia 31032.

## **BASIC FINANCIAL STATEMENTS**

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# JONES COUNTY, GEORGIA

## STATEMENT OF NET POSITION AUGUST 31, 2015

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
Cash and cash equivalents	\$ 8,771,937	\$ 221,215	\$ 8,993,152	\$ 936,230
Investments	787,979	-	787,979	-
Taxes receivable	281,616	-	281,616	-
Interest receivable	90	-	90	-
Accounts receivable, net of allowances	146,255	226,289	372,544	10,350
Due from other governments	206,809	-	206,809	20,309
Internal balances	23,239	(23,239)	-	-
Inventories	87,971	-	87,971	-
Prepaid items	301,253	1,276	302,529	-
Restricted assets, cash	-	66,313	66,313	-
Capital assets, nondepreciable	7,497,755	163,051	7,660,806	-
Capital assets, depreciable, net of accumulated depreciation	21,685,310	12,675,848	34,361,158	7,595
Total assets	39,790,214	13,330,753	53,120,967	974,484
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	39,515	-	39,515	-
Pension	52,667	-	52,667	43,070
Total deferred outflows of resources	92,182	-	92,182	43,070
<b>LIABILITIES</b>				
Accounts payable	422,333	31,896	454,229	-
Accrued liabilities	347,725	13,891	361,616	-
Due to other governments	29,538	-	29,538	16,697
Other current liabilities	87,223	-	87,223	-
Liabilities payable from restricted assets	-	202,474	202,474	-
Capital leases due within one year	186,262	-	186,262	-
Capital leases due in more than one year	460,949	-	460,949	-
Compensated absences due within one year	444,230	28,416	472,646	5,273
Compensated absences due in more than one year	111,058	7,104	118,162	324,167
Notes payable due within one year	145,841	55,685	201,526	-
Notes payable due in more than one year	3,545,956	998,905	4,544,861	-
Bonds payable due within one year	175,000	-	175,000	-
Bonds payable due in more than one year	2,445,000	210,000	2,655,000	-
Landfill postclosure costs due within one year	22,000	-	22,000	-
Landfill postclosure costs due in more than one year	220,000	-	220,000	-
Net pension liability	2,807,264	-	2,807,264	-
Total liabilities	11,450,379	1,548,371	12,998,750	346,137

(Continued)

# JONES COUNTY, GEORGIA

## STATEMENT OF NET POSITION AUGUST 31, 2015

DEFERRED INFLOWS OF RESOURCES	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
Pension	\$ -	\$ -	\$ -	\$ 78,341
Total deferred inflows of resources	-	-	-	78,341
<b>NET POSITION</b>				
Net investment in capital assets	24,897,409	11,530,309	36,427,718	7,595
Restricted for:				
Debt service	182,125	10,611	192,736	-
Renewal and replacement	-	9,585	9,585	-
Capital projects	4,384,255	-	4,384,255	-
Economic development	141,269	-	141,269	-
Judicial	55,118	-	55,118	-
Public safety	288,971	-	288,971	-
Unrestricted	(1,517,130)	231,877	(1,285,253)	585,481
Total net position	\$ 28,432,017	\$ 11,782,382	\$ 40,214,399	\$ 593,076

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

# JONES COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,328,798	\$ 508,113	\$ 216,249	\$ -
Judicial	1,493,401	682,288	48,391	-
Public safety	6,811,818	1,093,154	61,300	-
Public works	4,838,647	108,380	64,366	448,843
Health and welfare	452,637	-	-	-
Culture and recreation	1,233,382	205,698	19,406	352
Housing and development	630,574	83,104	360,485	-
Interest on long-term debt	160,621	-	-	-
Total governmental activities	19,949,878	2,680,737	770,197	449,195
Business-type activities:				
Water and sewer	2,751,164	2,129,110	-	-
Total business-type activities	2,751,164	2,129,110	-	-
Total primary government	\$ 22,701,042	\$ 4,809,847	\$ 770,197	\$ 449,195
<b>Component unit:</b>				
Jones County Board of Health	\$ 433,371	\$ 175,633	\$ 306,089	\$ -
Total component unit	\$ 433,371	\$ 175,633	\$ 306,089	\$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Intangible taxes				
Alcoholic beverage taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

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

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit Jones County Board of Health</b>
\$ (3,604,436)	\$ -	\$ (3,604,436)	\$ -
(762,722)	-	(762,722)	-
(5,657,364)	-	(5,657,364)	-
(4,217,058)	-	(4,217,058)	-
(452,637)	-	(452,637)	-
(1,007,926)	-	(1,007,926)	-
(186,985)	-	(186,985)	-
(160,621)	-	(160,621)	-
<u>(16,049,749)</u>	<u>-</u>	<u>(16,049,749)</u>	<u>-</u>
-	(622,054)	(622,054)	-
-	(622,054)	(622,054)	-
<u>(16,049,749)</u>	<u>(622,054)</u>	<u>(16,671,803)</u>	<u>-</u>
-	-	-	48,351
-	-	-	48,351
10,389,448	-	10,389,448	-
3,606,797	-	3,606,797	-
1,222,346	-	1,222,346	-
88,918	-	88,918	-
102,467	-	102,467	-
123,933	-	123,933	-
25,315	933	26,248	520
731,480	(731,480)	-	-
<u>16,290,704</u>	<u>(730,547)</u>	<u>15,560,157</u>	<u>520</u>
240,955	(1,352,601)	(1,111,646)	48,871
28,191,062	13,134,983	41,326,045	544,205
<u>\$ 28,432,017</u>	<u>\$ 11,782,382</u>	<u>\$ 40,214,399</u>	<u>\$ 593,076</u>

# JONES COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2015

	<u>General</u>	<u>Capital Projects 2009 SPLOST</u>	<u>Central Complex Expansion</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 3,924,408	\$ 1,242,156	\$ 2,673,352	\$ 932,021	\$ 8,771,937
Investments	753,733	-	-	34,246	787,979
Taxes receivable	281,378	-	-	238	281,616
Interest receivable	-	-	-	90	90
Accounts receivable	31,788	-	-	114,467	146,255
Due from other governments	38,056	-	-	168,753	206,809
Due from other funds	42,370	-	-	36,272	78,642
Inventories	87,971	-	-	-	87,971
Prepaid items	300,826	-	-	427	301,253
<b>Total assets</b>	<b><u>\$ 5,460,530</u></b>	<b><u>\$ 1,242,156</u></b>	<b><u>\$ 2,673,352</u></b>	<b><u>\$ 1,286,514</u></b>	<b><u>\$ 10,662,552</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 320,687	\$ 46,085	\$ -	\$ 55,561	\$ 422,333
Accrued liabilities	329,034	-	-	18,691	347,725
Due to other governments	6	-	-	29,532	29,538
Due to other funds	36,272	-	-	19,131	55,403
Other current liabilities	87,223	-	-	-	87,223
<b>Total liabilities</b>	<b><u>773,222</u></b>	<b><u>46,085</u></b>	<b><u>-</u></b>	<b><u>122,915</u></b>	<b><u>942,222</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	107,680	-	-	-	107,680
<b>Total deferred inflows of resources</b>	<b><u>107,680</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>107,680</u></b>

(Continued)

# JONES COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2015

	General	Capital Projects 2009 SPLOST	Central Complex Expansion	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	\$ 87,971	\$ -	\$ -	\$ -	\$ 87,971
Prepaid items	300,826	-	-	427	301,253
Restricted for:					
Capital projects	-	1,196,071	2,673,352	514,832	4,384,255
Debt service	-	-	-	182,125	182,125
Economic development	-	-	-	141,269	141,269
Judicial	-	-	-	55,118	55,118
Public safety	-	-	-	288,971	288,971
Unassigned	4,190,831	-	-	(19,143)	4,171,688
Total fund balances	4,579,628	1,196,071	2,673,352	1,163,599	9,612,650
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,460,530	\$ 1,242,156	\$ 2,673,352	\$ 1,286,514	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,183,065
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	107,680
Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds.	52,667
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,524,045)
Net position of governmental activities	\$ 28,432,017

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

# JONES COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	General	Capital Projects 2009 SPLOST	Central Complex Expansion	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 13,463,617	\$ 1,638,820	\$ -	\$ 386,355	\$ 15,488,792
Licenses and permits	189,729	-	-	-	189,729
Intergovernmental	631,036	-	-	370,445	1,001,481
Fines and forfeitures	389,320	-	-	120,775	510,095
Charges for services	1,369,689	-	-	485,083	1,854,772
Impact fees	-	-	-	49,031	49,031
Investment income	24,140	2,039	352	1,175	27,706
Miscellaneous	79,985	211,749	-	896	292,630
Total revenues	16,147,516	1,852,608	352	1,413,760	19,414,236
<b>Expenditures</b>					
Current:					
General government	3,935,760	-	-	93,310	4,029,070
Judicial	1,467,475	-	-	24,853	1,492,328
Public safety	5,189,769	-	-	830,455	6,020,224
Public works	4,199,234	-	-	-	4,199,234
Health and welfare	409,974	-	-	-	409,974
Culture and recreation	1,074,001	-	-	-	1,074,001
Housing and development	335,480	-	-	-	335,480
Intergovernmental	-	314,653	-	58,304	372,957
Capital outlay	-	1,068,331	-	981,680	2,050,011
Debt service:					
Principal	103,841	47,835	-	165,000	316,676
Interest and fiscal charges	11,569	15,999	-	102,760	130,328
Issuance costs	-	-	27,000	-	27,000
Total expenditures	16,727,103	1,446,818	27,000	2,256,362	20,457,283
Excess (deficiency) of revenues over (under) expenditures	(579,587)	405,790	(26,648)	(842,602)	(1,043,047)

**(Continued)**

**JONES COUNTY, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015**

	<u>General</u>	<u>Capital Projects 2009 SPLOST</u>	<u>Central Complex Expansion</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>					
Capital leases	\$ 149,623	\$ -	\$ -	\$ -	\$ 149,623
Proceeds from sale of assets	23,760	-	-	-	23,760
Issuance of debt	-	-	2,700,000	941,033	3,641,033
Transfers in	1,203	-	-	197,457	198,660
Transfers out	<u>(226,460)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(226,560)</u>
Total other financing sources (uses)	<u>(51,874)</u>	<u>(100)</u>	<u>2,700,000</u>	<u>1,138,490</u>	<u>3,786,516</u>
Net change in fund balances	(631,461)	405,690	2,673,352	295,888	2,743,469
<b>Fund balance, beginning of year</b>	<u>5,211,089</u>	<u>790,381</u>	<u>-</u>	<u>867,711</u>	<u>6,869,181</u>
<b>Fund balance, end of year</b>	<u>\$ 4,579,628</u>	<u>\$ 1,196,071</u>	<u>\$ 2,673,352</u>	<u>\$ 1,163,599</u>	<u>\$ 9,612,650</u>

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

# JONES COUNTY, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,743,469
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	50,330
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	977,278
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	45,117
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, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,672,399)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>97,160</u>
	<u>\$ 240,955</u>

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

# JONES COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 10,728,726	\$ 10,291,133	\$ 10,291,143	\$ 10
Sales taxes	1,654,861	1,634,810	1,634,810	-
Other taxes	1,454,157	1,537,661	1,537,664	3
Licenses and permits	187,500	189,726	189,729	3
Intergovernmental	715,974	631,033	631,036	3
Fines and forfeitures	484,500	389,318	389,320	2
Charges for services	1,599,623	1,369,239	1,369,689	450
Investment income	15,500	24,140	24,140	-
Miscellaneous	37,200	79,983	79,985	2
Total revenues	16,878,041	16,147,043	16,147,516	473
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Governing body	147,858	135,461	135,473	(12)
Chief executive	568,879	532,900	532,929	(29)
Elections	148,001	117,417	117,423	(6)
Law	165,267	167,231	167,233	(2)
Data processing	128,297	126,904	276,832	(149,928)
Tax commissioner	419,251	426,020	426,030	(10)
Tax assessor	357,133	340,592	340,607	(15)
Board of equalization	13,664	6,511	6,513	(2)
Risk management	216,468	211,499	211,506	(7)
Buildings and plant	512,428	485,636	485,661	(25)
Records management	915	693	694	(1)
General administration	1,312,472	1,234,850	1,234,859	(9)
Total general government	3,990,633	3,785,714	3,935,760	(150,046)
<b>Judicial:</b>				
Superior court	545,413	568,492	568,506	(14)
District attorney	147,719	139,686	139,689	(3)
Magistrate court	208,055	190,988	190,996	(8)
Probate court	268,128	275,952	275,961	(9)
Traffic court	28,753	28,463	28,466	(3)
Juvenile court	91,797	121,293	121,293	-
Operation early intervention	56,622	46,293	46,296	(3)
Grand jury	3,500	-	-	-
Public defender	104,125	96,267	96,268	(1)
Total judicial	1,454,112	1,467,434	1,467,475	(41)

(Continued)

# JONES COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Public safety:</b>				
Law enforcement administration	\$ 2,988,786	\$ 2,872,289	\$ 2,873,895	\$ (1,606)
Jail operations	1,623,942	1,607,727	1,607,742	(15)
Adult probation and parole	250	-	-	-
Fire	68,557	62,480	62,509	(29)
Ambulance	976	599	600	(1)
Coroner	43,043	40,738	40,741	(3)
Animal control	182,841	175,475	175,492	(17)
Emergency management	434,203	428,760	428,790	(30)
Total public safety	<u>5,342,598</u>	<u>5,188,068</u>	<u>5,189,769</u>	<u>(1,701)</u>
<b>Public works:</b>				
Administration	3,173,492	2,979,815	2,979,839	(24)
Sanitary administration	261,627	301,367	301,371	(4)
DNR code enforcement	81,545	57,050	57,057	(7)
Solid waste collection	193,120	175,863	175,864	(1)
Recycling	284,818	297,816	297,861	(45)
Landfill	97,941	103,250	103,251	(1)
Public education	38,736	35,601	35,579	22
Maintenance and shop	259,788	248,403	248,412	(9)
Total public works	<u>4,391,067</u>	<u>4,199,165</u>	<u>4,199,234</u>	<u>(69)</u>
<b>Health and welfare:</b>				
Public health	109,346	109,467	109,468	(1)
Welfare	50,000	50,000	50,000	-
Older American Council	60,679	42,351	42,358	(7)
5311 transportation	220,332	208,145	208,148	(3)
Total health and welfare	<u>440,357</u>	<u>409,963</u>	<u>409,974</u>	<u>(11)</u>
<b>Culture and recreation:</b>				
Recreation centers	919,561	982,252	954,614	27,638
Jonesco restoration	12,750	11,039	11,042	(3)
Libraries	129,444	108,339	108,345	(6)
Total culture and recreation	<u>1,061,755</u>	<u>1,101,630</u>	<u>1,074,001</u>	<u>27,629</u>

(Continued)

# JONES COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Housing and development:</b>				
Agricultural resources	\$ 93,290	\$ 87,854	\$ 87,862	\$ (8)
Planning and zoning	169,087	164,910	164,493	417
Economic development	83,125	83,125	83,125	-
Total housing and development	345,502	335,889	335,480	409
<b>Debt service</b>				
Principal	94,628	79,468	103,841	(24,373)
Interest and fiscal charges	5,261	7,316	11,569	(4,253)
Total debt service	99,889	86,784	115,410	(28,626)
Total expenditures	17,125,913	16,574,647	16,727,103	(152,456)
Excess (deficiency) of revenues over (under) expenditures	(247,872)	(427,604)	(579,587)	(151,983)
<b>Other financing sources (uses):</b>				
Capital lease	-	-	149,623	149,623
Proceeds from sale of assets	3,500	23,760	23,760	-
Transfers in	-	208,813	1,203	(207,610)
Transfers out	(540,950)	(406,167)	(226,460)	179,707
Total other financing sources (uses)	(537,450)	(173,594)	(51,874)	121,720
Net change in fund balance	(785,322)	(601,198)	(631,461)	(30,263)
<b>Fund balance, beginning of year</b>	5,211,089	5,211,089	5,211,089	-
<b>Fund balance, end of year</b>	\$ 4,425,767	\$ 4,609,891	\$ 4,579,628	\$ (30,263)

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

# JONES COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2015

ASSETS	Major Enterprise Funds		Totals
	Water and Sewer Fund	Golf Course Fund	
<b>CURRENT ASSETS</b>			
Cash	\$ 221,215	\$ -	\$ 221,215
Accounts receivable, net of allowances	226,289	-	226,289
Restricted assets, cash	66,313	-	66,313
Prepaid items	1,276	-	1,276
Total current assets	515,093	-	515,093
<b>NONCURRENT ASSETS</b>			
Capital assets			
Capital assets, nondepreciable	163,051	-	163,051
Capital assets, depreciable, net of accumulated depreciation	12,675,848	-	12,675,848
Total capital assets	12,838,899	-	12,838,899
Total noncurrent assets	12,838,899	-	12,838,899
Total assets	\$ 13,353,992	\$ -	\$ 13,353,992
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from current assets:			
Accounts payable	\$ 31,896	\$ -	\$ 31,896
Accrued liabilities	13,891	-	13,891
Compensated absences, current portion	28,416	-	28,416
Notes payable, current portion	55,685	-	55,685
Due to other funds	23,239	-	23,239
Total payable from current assets	153,127	-	153,127

(Continued)

# JONES COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2015

	Major Enterprise Funds		Totals
	Water and Sewer Fund	Golf Course Fund	
Payable from restricted assets:			
Accrued interest payable	\$ 2,117	\$ -	\$ 2,117
Revenue bonds payable, current portion	44,000	-	44,000
Customer deposits payable	156,357	-	156,357
Total payable from restricted assets	202,474	-	202,474
 Total current liabilities	 355,601	 -	 355,601
 <b>NONCURRENT LIABILITIES</b>			
Revenue bonds payable, net of current portion	210,000	-	210,000
Compensated absences, net of current portion	7,104	-	7,104
Notes payable, net of current portion	998,905	-	998,905
Total noncurrent liabilities	1,216,009	-	1,216,009
 Total liabilities	 1,571,610	 -	 1,571,610
 <b>NET POSITION</b>			
Net investment in capital assets	11,530,309	-	11,530,309
Restricted for:			
Debt service	10,611	-	10,611
Renewal and replacement	9,585	-	9,585
Unrestricted	231,877	-	231,877
Total net position	\$ 11,782,382	\$ -	\$ 11,782,382

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

# JONES COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Major Enterprise Funds		Totals
	Water and Sewer Fund	Golf Course Fund	
<b>Operating revenues:</b>			
Charges for services:			
Water sales pledged as security for revenue bonds	\$ 1,722,368	\$ -	\$ 1,722,368
Sewer sales	191,354	-	191,354
Connection fees	74,047	-	74,047
Other operating income	141,341	-	141,341
Total operating revenues	<u>2,129,110</u>	<u>-</u>	<u>2,129,110</u>
<b>Operating expenses:</b>			
Salaries and benefits	532,766	-	532,766
Purchased/contracted services	770,259	-	770,259
Supplies and materials	824,674	-	824,674
Other	4,380	-	4,380
Depreciation	571,596	-	571,596
Total operating expenses	<u>2,703,675</u>	<u>-</u>	<u>2,703,675</u>
Operating loss	<u>(574,565)</u>	<u>-</u>	<u>(574,565)</u>
<b>Non-operating revenues (expenses):</b>			
Investment income	933	-	933
Interest expense	(47,489)	-	(47,489)
Loss on disposal of capital assets	-	(759,380)	(759,380)
Total non-operating expenses	<u>(46,556)</u>	<u>(759,380)</u>	<u>(805,936)</u>
Loss before transfers	(621,121)	(759,380)	(1,380,501)
<b>Transfers</b>			
Transfers in	-	29,103	29,103
Transfers out	(1,203)	-	(1,203)
Total transfers	<u>(1,203)</u>	<u>29,103</u>	<u>27,900</u>
Change in net position	(622,324)	(730,277)	(1,352,601)
<b>Net position, beginning of year</b>	<u>12,404,706</u>	<u>730,277</u>	<u>13,134,983</u>
<b>Net position, end of year</b>	<u>\$ 11,782,382</u>	<u>\$ -</u>	<u>\$ 11,782,382</u>

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

# JONES COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Major Enterprise Funds		Totals
	Water and Sewer Fund	Golf Course Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,108,964	\$ -	\$ 2,108,964
Payments to suppliers and service providers	(1,623,805)	9,184	(1,614,621)
Payments to employees	(532,953)	(51,874)	(584,827)
Net cash used in operating activities	(47,794)	(42,690)	(90,484)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	29,103	29,103
Transfers out	(1,203)	-	(1,203)
Net cash provided by (used in) noncapital financing activities	(1,203)	29,103	27,900
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property and equipment	(114,488)	-	(114,488)
Principal paid on bonds	(40,000)	-	(40,000)
Principal paid on notes payable	(53,825)	-	(53,825)
Interest paid	(47,822)	-	(47,822)
Net cash used in capital and related financing activities	(256,135)	-	(256,135)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	933	-	933
Net cash provided by investing activities	933	-	933
Net decrease in cash and cash equivalents	(304,199)	(13,587)	(317,786)
<b>Cash and cash equivalents:</b>			
Beginning of year	591,727	13,587	605,314
End of year	\$ 287,528	\$ -	\$ 287,528

(Continued)

# JONES COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Major Enterprise Funds		Totals
	Water and Sewer Fund	Golf Course Fund	
Classified as:			
Cash and cash equivalents	\$ 221,215	\$ -	\$ 221,215
Restricted assets, cash and cash equivalents	66,313	-	66,313
	\$ 287,528	\$ -	\$ 287,528
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (574,565)	\$ -	\$ (574,565)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	571,596	-	571,596
Increase in accounts receivable	(30,107)	-	(30,107)
Decrease in inventories	-	7,344	7,344
Decrease in prepaid items	4,719	1,840	6,559
Decrease in accounts payable	(3,162)	-	(3,162)
Decrease in accrued liabilities	(988)	(8,408)	(9,396)
Increase in compensated absences	801	-	801
Decrease in due to other funds	(26,049)	(43,466)	(69,515)
Increase in customer deposits payable	9,961	-	9,961
Net cash used in operating activities	\$ (47,794)	\$ (42,690)	\$ (90,484)

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

**JONES COUNTY, GEORGIA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
AUGUST 31, 2015**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash	\$ 479,752
Taxes receivable	188,103
Due from others	<u>18,930</u>
Total assets	<u>\$ 686,785</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 686,785</u>

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

**JONES COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Jones County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. 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 County's accounting policies are described below.

**A. The Reporting Entity**

The County was established under the provisions of an act of the General Assembly of Georgia. The County operates under a County Commissioner form of government (four commissioners are elected by district with the Chairman elected at large from the county), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by GAAP, the financial statements of the reporting entity include those of Jones County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

*Blended Component Unit* – A blended component unit, although a legally separate entity, is, in substance, part of the County's operations. Following is a brief review of the blended component unit.

**Development Authority of Jones County, Georgia**

The governing board of the Development Authority of Jones County, Georgia (the "Development Authority") consists of seven members appointed by the Jones County Board of Commissioners. The Authority was reactivated by the Jones County Board of Commissioners on October 19, 1999 and is operated under the provisions of the Official Code of Georgia (OCGA) 36-62.

The purpose of the Development Authority is to promote and expand, for the public good and welfare, industry and trade within the County and to reduce unemployment to the greatest extent possible. The debt of the Development Authority is being repaid with funding from the County. The Development Authority maintains its financial records on a fiscal year ending August 31. Complete financial statements can be obtained from the Jones County clerk:

Jones County Board of Commissioners  
P.O. Box 1359  
Gray, Georgia 31032

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. The Reporting Entity (Continued)

*Discretely Presented Component Unit* – A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Following is a brief review of the discretely presented component unit.

##### **Jones County Board of Health**

The governing board of the Jones County Board of Health (the “Board of Health”) consists of seven members: the school superintendent, the Mayor of the City of Gray, the Chairman of the Jones County Board of Commissioners, one additional member appointed by the City of Gray, and three additional members appointed by the Jones County Board of Commissioners. The County, by virtue of its appointments, controls a majority of the Board of Health’s governing body positions. The Board of Health submits all operating budgets to the County each year. The County provides significant funding to the Board of Health, based on the approved budgets. The Board maintains its financial records on a fiscal year ending June 30. Complete financial statements of the Jones County Board of Health can be obtained from the Jones County clerk:

Jones County Board of Commissioners  
P.O. Box 1359  
Gray, Georgia 31032

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, however, grant revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the County's financial activity.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects 2009 SPLOST Fund** is used to account for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax.

The **Central Complex Expansion Fund** is used to account for the construction or improvement of the Highway 18 recreation complex.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The County reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system, including all revenues and costs of providing water and sewer services to residents of the County.

The **Golf Course Fund** accounts for revenues and expenses relating to the operation of the Lake Jonesco Golf Course.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Debt Service Funds** account for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

The **Capital Projects Funds** account for the acquisition of capital assets and construction or improvement of major capital projects.

The **Agency Funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Amounts reported as *program revenues* include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

#### D. Cash and Investments

The County and discretely presented component units' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County and discretely presented component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1. Investments are stated at fair value.

#### E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

#### F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

#### G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Land improvements	20-40
Buildings and improvements	40
Machinery and equipment	5
Furniture and fixtures	5-7
Infrastructure	20-50

#### J. Compensated Absences

It is the County's policy 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 amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### L. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the items related to the changes in the net pension liability as discussed on the following page, the County has one item that qualifies for reporting in this category. This item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other than the items related to the changes in the net pension liability as discussed on the following page, the County has only one type of these items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Deferred Outflows / Inflows of Resources (Continued)

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

#### M. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

#### N. Use of Estimates

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

#### O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association County Commissioners of Georgia Jones County Defined Benefit Plan (The Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,524,044 difference are as follows:

Capital leases payable	\$ (647,211)
Notes payable	(3,691,797)
Bonds payable	(2,620,000)
Deferred amount on refinancing	39,515
Landfill postclosure costs	(242,000)
Compensated absences	(555,288)
Net pension liability	<u>(2,807,264)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ (10,524,045)</u>

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position – governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$50,330 difference are as follows:

Capital outlay	\$ 2,088,911
Depreciation expense	<u>(2,038,581)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	 <u>\$ 50,330</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect on net position. The details of this \$3,672,399 difference are as follows:

Debt incurred:	
Capital leases	\$ (149,623)
Notes payable	(3,641,033)
Landfill postclosure costs	(24,000)
Interfund transfer of capital leases	(193,126)
Principal repayments:	
Capital leases	128,457
Notes payable	23,219
Revenue bonds	165,000
Landfill postclosure costs	22,000
Amortization of deferred loss	<u>(3,293)</u>
Net adjustment to decrease net changes in <i>fund balances - total governmental funds</i> to arrive at changes in <i>net position - governmental activities</i>	<u>\$ (3,672,399)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$97,160 difference are as follows:

Compensated absences	\$ (51,635)
Interfund transfer of compensated absences	(24,772)
Net pension liability	120,900
Deferred outflows of resources	<u>52,667</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 97,160</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS

**Budgetary Data.** 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 financial posture of the County.

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). An annual operating budget is prepared for the General Fund, the special revenue funds, and the debt service funds. Proprietary fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise funds.

The County's finance department formulates and remits the budget to the Budget Committee, which is made up of all members of the Jones County Commission. The Budget Committee conducts budget hearings with all departments and agencies. After a review by the Budget Committee and a public hearing, a final budget is approved when the budget resolution is adopted.

The legal level of budgetary control is the department level. The County Administrator is delegated the authority, upon direction of and approval by unanimous vote of the appropriate committee of the Board of Commissioners, to transfer sums from one budget category to another within the same department. No increase in the overall budget for the County may be made without the approval of the Board of Commissioners and amendment to the budget.

Budgets are also prepared for the Capital Projects Funds on a project basis, which usually covers two or more fiscal years. The County's finance department prepares the budget for projects based upon architectural and engineering estimates and other factors. Appropriations covering capital projects are normally approved by the Board of Commissioners at the time that the annual operating budgets are approved. Major capital facilities and improvements, which are accounted for by the County within the Capital Projects Funds, are subject to budgetary control on a project basis. The County Clerk is delegated the authority, upon direction of and approval by unanimous vote of the buildings and properties committee, to transfer sums from one project to another. No increase in the overall capital projects budget can be made without the approval of the Board of Commissioners and amendment to the budget. Appropriations for a specific project do not lapse until completion of the project.

**Encumbrances.** Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit or assign that portion of the applicable appropriation, is not employed by the County.

The supplementary budgetary appropriations made were not material.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

**Deficit Fund Equity.** The Drug Education Fund had a deficit fund balance of \$19,143 at August 31, 2015. The County plans to eliminate this deficit through transfers from the General Fund.

Excess Expenditures over Appropriations. For the year ended August 31, 2015, expenditures exceeded budget in the General Fund as follows:

Department	Excess
Data processing	\$ 149,928
Debt service	28,626

These over expenditures were funded by available fund balance.

### NOTE 4. DEPOSITS AND INVESTMENTS

**Credit Risk.** State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of August 31, 2015, the County's only investments were certificates of deposit.

At August 31, 2015, the County had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	13 months	\$ 753,733
Certificate of deposit	12 months	34,246

**Interest Rate Risk.** The County 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 August 31, 2015, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at August 31, 2015 consist of the following:

	<b>General</b>	<b>Water and Sewer</b>	<b>Nonmajor Funds</b>	<b>Total</b>
Receivables:				
Taxes	\$ 281,378	\$ -	\$ 238	\$ 281,616
Interest	-	-	90	90
Accounts	31,788	296,323	114,467	442,578
Gross receivables	313,166	296,323	114,795	724,284
Less allowance	-	(70,034)	-	(70,034)
Net receivables	\$ 313,166	\$ 226,289	\$ 114,795	\$ 654,250

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the tax assessors of the County.

Upon completion of all assessments and tax returns, the information is turned over to the Jones County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	<b>Real/Personal Property</b>	<b>Motor Vehicles</b>
Assessment date	January 1, 2014	January 1, 2014
Levy date	September 29, 2014	January 1, 2014
Due date and collection date	December 1, 2014	Staggered
Tax execution date/lien date	March 1, 2015	N/A

The total real and personal property tax levy is recorded as revenue in the fiscal year in which such amounts will be available as net current assets. In the accompanying financial statements, the property tax levy for the tax year 2014 has been recognized as revenue, since payment of these taxes was due during the current fiscal year.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended August 31, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,142,210	\$ 100,000	\$ -	\$ 122,880	\$ 4,365,090
Intangibles	36,000	-	-	6,640	42,640
Construction in progress	2,396,906	1,477,204	-	(784,085)	3,090,025
Total	6,575,116	1,577,204	-	(654,565)	7,497,755
Capital assets, being depreciated:					
Land improvements	3,951,172	-	-	526,256	4,477,428
Buildings and improvements	14,723,180	5,920	-	858,994	15,588,094
Machinery and equipment	12,612,450	505,787	(318,556)	205,931	13,005,612
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	53,942,435	-	-	40,662	53,983,097
Total	85,288,832	511,707	(318,556)	1,631,843	87,113,826
Less accumulated depreciation for:					
Land improvements	1,014,261	159,601	-	-	1,173,862
Buildings and improvements	6,421,012	396,432	-	-	6,817,444
Machinery and equipment	10,194,651	979,318	(318,556)	-	10,855,413
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	46,018,972	503,230	-	-	46,522,202
Total	63,708,491	2,038,581	(318,556)	-	65,428,516
Total capital assets, being depreciated, net	21,580,341	(1,526,874)	-	1,631,843	21,685,310
Governmental activities capital assets, net	\$ 28,155,457	\$ 50,330	\$ -	\$ 977,278	\$ 29,183,065

The above schedule includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2015. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2015.

During the year ended August 31, 2015, capital assets with a net book value of \$977,278 were transferred from the Golf Course Fund. Additionally, the beginning balance of machinery and equipment has been restated to account for capital assets that were improperly included in governmental activities in the prior year. See Note 13 for additional information on this restatement.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 211,047	\$ -	\$ -	\$ (122,880)	\$ 88,167
Construction in progress	-	94,785	-	(19,901)	74,884
Total	<u>211,047</u>	<u>94,785</u>	<u>-</u>	<u>(142,781)</u>	<u>163,051</u>
Capital assets, being depreciated:					
Buildings	375,876	-	(27,606)	(115,571)	232,699
Water system	16,518,202	-	-	19,901	16,538,103
Water storage tanks	3,934,738	-	-	-	3,934,738
River North sewer system	2,159,960	-	-	-	2,159,960
Golf course improvements	681,589	-	(155,335)	(526,254)	-
Pumping stations	333,125	-	-	-	333,125
Machinery and equipment	1,452,026	19,703	(351,591)	(192,338)	927,800
Total	<u>25,455,516</u>	<u>19,703</u>	<u>(534,532)</u>	<u>(814,262)</u>	<u>24,126,425</u>
Less accumulated depreciation for:					
Buildings	84,088	9,608	(27,606)	-	66,090
Water system	5,454,654	359,546	-	-	5,814,200
Water storage tanks	2,920,096	125,678	-	-	3,045,774
River North sewer system	1,386,400	43,199	-	-	1,429,599
Golf course improvements	155,335	-	(155,335)	-	-
Pumping stations	303,752	10,263	-	-	314,015
Machinery and equipment	1,088,953	23,302	(351,591)	20,235	780,899
Total	<u>11,393,278</u>	<u>571,596</u>	<u>(534,532)</u>	<u>20,235</u>	<u>11,450,577</u>
Total capital assets, being depreciated, net	<u>14,062,238</u>	<u>(551,893)</u>	<u>-</u>	<u>(834,497)</u>	<u>12,675,848</u>
Business-type activities capital assets, net	<u>\$ 14,273,285</u>	<u>\$ (457,108)</u>	<u>\$ -</u>	<u>\$ (977,278)</u>	<u>\$ 12,838,899</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:		
General government	\$	102,547
Public safety		977,774
Public works		708,621
Health and welfare		42,663
Culture and recreation		181,090
Housing and development		25,886
Total depreciation expense - governmental activities	<u>\$</u>	<u>2,038,581</u>
Business-type activities:		
Water and sewer	\$	571,596
Total depreciation expense - business-type activities	<u>\$</u>	<u>571,596</u>

### NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the fiscal year ended August 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 626,044	\$ 149,623	\$ 128,457	\$ 647,210	\$ 186,262
Notes payable	73,983	3,641,033	23,219	3,691,797	145,841
Revenue bonds	2,785,000	-	165,000	2,620,000	175,000
Landfill postclosure	240,000	24,000	22,000	242,000	22,000
Compensated absences	503,653	281,872	230,237	555,288	444,230
Net pension liability	2,928,164	1,140,680	1,261,580	2,807,264	-
Totals	<u>\$ 7,156,844</u>	<u>\$ 5,237,208</u>	<u>\$ 1,830,493</u>	<u>\$ 10,563,559</u>	<u>\$ 973,333</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 294,000	\$ -	\$ 40,000	\$ 254,000	\$ 44,000
Notes payable	1,108,415	-	53,825	1,054,590	55,685
Compensated absences	33,238	8,920	6,638	35,520	28,416
Totals	<u>\$ 1,435,653</u>	<u>\$ 8,920</u>	<u>\$ 100,463</u>	<u>\$ 1,344,110</u>	<u>\$ 128,101</u>

The above schedule includes the long-term debt activity of the Development Authority of Jones County as of and for the year ended August 31, 2015. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2015.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

During the year ended August 31, 2015, capital leases in the amount of \$193,125 and compensated absences in the amount of \$24,772 were transferred from the Golf Course Fund to governmental activities. This was reflected above by increasing beginning balances of the governmental activities and decreasing beginning balances of the business-type activities.

For governmental activities, compensated absences, net pension liability and landfill postclosure costs are ordinarily liquidated by the General Fund.

**Capital Leases.** The County has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The following is an analysis of leased assets under capital leases as of August 31, 2015:

	<b>Governmental Activities</b>
Equipment	\$ 499,112
Less: Accumulated depreciation	(137,767)
	\$ 361,345

The County reported \$74,886 of depreciation expense for Governmental Activities on the above leased assets as of August 31, 2015.

The County's total capital lease debt service requirements to maturity are as follows:

	<b>Governmental Activities</b>
<b>Fiscal Year Ending August 31,</b>	
2016	\$ 199,598
2017	199,598
2018	216,245
2019	67,655
Total minimum lease payments	683,096
Less amount representing interest	(35,886)
Present value of future minimum lease payments	\$ 647,210

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds.** The Water Revenue Bonds constitute special obligations of the County secured by the revenue from the operation of the water system. The terms of the bond indentures require all revenues to be accumulated in a sinking fund until such time as an amount has been accumulated sufficient to pay the annual installment of principal and interest coming due on the next succeeding payment date. The remaining revenues can be used to pay the current operating costs of the system. Revenue bonds outstanding as of August 31, 2015, are as follows:

Series 1980 \$513,000 Water Revenue Bonds, due in annual installments of \$16,000 to \$30,000 through July 1, 2019, plus interest at 5.0%.	\$ 110,000
Series 1983 \$400,000 Water Revenue Bonds, due in annual installments of \$12,000 to \$24,000 through July 1, 2022, plus interest at 5.0%.	144,000
	\$ 254,000

Debt service requirements to maturity on the revenue bonds are as follows:

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 44,000	\$ 12,700
2017	44,000	10,500
2018	48,000	8,300
2019	50,000	5,900
2020	22,000	3,400
2021-2022	46,000	3,500
	\$ 254,000	\$ 44,300

**Notes Payable.** During the year ended August 31, 2005, the County transferred a loan with a local financial institution to the Water and Sewer Fund. This loan is due in monthly installments of \$1,424 including interest at 4.0% monthly, through October 7, 2018. The amount outstanding at August 31, 2015, is \$50,422.

Debt service requirements to maturity on the water and sewer notes payable are as follows:

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 15,402	\$ 1,688
2017	16,029	1,061
2018	16,682	408
2019	2,309	3
	\$ 50,422	\$ 3,160

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Notes Payable (Continued).** The Water and Sewer Fund incurred debt of \$1,499,520 to the Georgia Environmental Finance Authority for construction of various water and sewer system projects during current and prior years. Payments are due in monthly installments of \$5,821 including interest at 3% through 2034. The outstanding balance at August 31, 2015 is \$1,004,168.

Debt service requirements to maturity on the water and sewer notes payable are as follows:

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 40,283	\$ 29,574
2017	41,508	28,349
2018	42,771	27,086
2019	44,071	25,786
2020	45,412	24,445
2021-2025	248,638	100,647
2026-2030	288,822	60,463
2031-2034	252,663	15,122
	<u>\$ 1,004,168</u>	<u>\$ 311,472</u>

The County obtained a loan from a local financial institution dated May 1, 2015, in the original amount of \$2,700,000 to be used for construction or improvements to the recreational complex. The loan is to be repaid in annual installments of \$223,628, including interest at 2.98%, beginning June 1, 2015. The outstanding balance at August 31, 2015 is \$2,676,781.

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 145,841	\$ 77,787
2017	150,247	73,381
2018	154,786	68,842
2019	159,462	64,166
2020	164,280	59,348
2021-2025	898,911	219,230
2026-2030	1,003,254	75,051
	<u>\$ 2,676,781</u>	<u>\$ 637,805</u>

The County incurred debt to the Georgia Environmental Finance Authority for rehabilitation of sewage pump stations in the River North collection system during the year ended August 31, 2015. The construction line of credit agreement for \$1,326,319 of which \$1,015,016 had been drawn down, is in the draw down phase as of August 31, 2015. Repayment will be determined when construction is complete and all draws have been made. Payments will be made from a special tax district established for River North residents. Therefore, the debt is being shown in governmental activities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

**Landfill Postclosure Costs.** Effective December 20, 1996, the Jones County-Cumslo Road landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the landfill site for a period of 30 years. As of August 31, 2015, the County has 11 years of monitoring remaining. The liability for the landfill postclosure care costs is estimated to be \$242,000 as of August 31, 2015. These estimated costs are based on what it would cost to perform all postclosure care in 2015. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

#### Development Authority – Blended Component Unit

**Revenue Bonds.** The Development Authority issued revenue bonds during fiscal year 2007 in the amount of \$3,250,000 as part of a land acquisition project. The bonds mature on January 1, 2027 and pay interest at 4% on January 1 and July 1 in each year, beginning July 1, 2007. The bonds were refinanced January 1, 2012.

On January 1, 2012, the Development Authority issued \$3,100,000 in Series 2012 Revenue Bonds to refinance the outstanding 2007 Series Revenue Bonds to achieve a debt service savings. The 2012 Series Revenue Bonds mature on January 1, 2027 and pay interest at 3.75% on January 1 and July 1 in each year. Interest payments begin July 1, 2012 and principal payments begin January 1, 2013. The principal amount outstanding at August 31, 2015 was \$2,620,000. Total interest costs incurred during the year ended August 31, 2015 were \$102,760.

Debt service requirements to maturity on this issue are as follows:

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 175,000	\$ 94,969
2017	180,000	88,313
2018	190,000	81,375
2019	195,000	74,156
2020	205,000	66,656
2021-2025	1,150,000	210,000
2026-2027	525,000	19,969
	<u>\$ 2,620,000</u>	<u>\$ 635,438</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of August 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 23,239
General Fund	Nonmajor governmental funds	19,131
Nonmajor governmental funds	General Fund	36,272
		<u>\$ 78,642</u>

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

#### Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	\$ 197,357
Nonmajor governmental funds	SPLOST 2009 Fund	100
General Fund	Water and Sewer Fund	1,203
Golf Course Fund	General Fund	29,103
		<u>\$ 227,763</u>

Transfers are used to: (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended August 31, 2015, the County paid \$27,858 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN

#### A. Primary Government

##### Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Association County Commissioners of Georgia Jones County Defined Benefit Plan (The Plan), covering the majority of all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at [www.gebcorp.com](http://www.gebcorp.com) or by writing to the Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

##### Plan Membership

As of January 1, 2014, pension plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefits	53
Inactive plan member entitled to but not receiving benefits	107
Active plan members	<u>143</u>
	<u><u>303</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. Primary Government (Continued)

##### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended August 31, 2015, the County's contribution rate was 15.2% of annual payroll. County contributions to the Plan were \$717,167 for the year ended August 31, 2015.

##### Net Pension Liability of the County

Effective September 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

*Actuarial Assumptions.* The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% - 6.50%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. Primary Government (Continued)

#### Net Pension Liability of the County (Continued)

*Actuarial Assumptions (Continued).* Mortality rates were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study through December 31, 2013.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
S&P 500	30 %	3.22 %
Barclay's Agg.	30	2.34
MSCI EAFE	15	1.43
Citi Non US WEBI	5	0.27
NARREIT Equity	5	0.57
Russell 2000	5	0.47
Russell 3000	5	0.53
S&P Mid Cap	5	0.66
	100 %	

\* Rates shown are net of the 3.00% assumed rate of inflation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. Primary Government (Continued)

##### Net Pension Liability of the County (Continued)

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the 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 of the projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the County.* The changes in the components of the net pension liability of the County for the year ended August 31, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2014	\$ 10,250,013	\$ 7,321,849	\$ 2,928,164
Changes for the year:			
Service cost	277,218	-	277,218
Interest	768,751	-	768,751
Contributions - employer	-	717,167	(717,167)
Net investment income	-	531,129	(531,129)
Benefit payments, including refunds of employee contributions	(367,516)	(354,232)	(13,284)
Administrative expenses	-	(25,266)	25,266
Other changes	-	(69,445)	69,445
Net changes	678,453	799,353	(120,900)
Balances at August 31, 2015	\$ 10,928,466	\$ 8,121,202	\$ 2,807,264

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. Primary Government (Continued)

#### Net Pension Liability of the County (Continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
County's net pension liability	\$ 4,226,946	\$ 2,807,264	\$ 1,613,652

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

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

For the year ended August 31, 2015, the County recognized pension expense of \$543,600. At August 31, 2015, the County reported a deferred outflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net investment income	\$ 16,266
Other changes in assumptions	36,401
Total	\$ 52,667

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. Primary Government (Continued)

##### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year ending August 31:	
2016	\$ 13,167
2017	13,167
2018	13,167
2019	13,166
	<u>\$ 52,667</u>

#### B. Health Department – Component Unit

##### Plan Description

The Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan 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. ERS is directed by a 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](http://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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### B. Health Department – Component Unit (Continued)

##### Benefits Provided (Continued)

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 Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 22.21% of annual covered payroll for Old Plan members, 21.96% for the New Plan members, and 18.87% for GSEPS members. The Department's contributions to ERS totaled \$43,070 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

Effective July 1, 2014, the Department implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, which significantly changed the Department's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

At June 30, 2015, the Department reported a liability for its proportionate share of the net pension liability in the amount of \$298,587. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll forward techniques. The Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Employer's proportion was .007961%, which was a decrease of .000183% from its proportion measured as of June 30, 2013.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### B. Health Department – Component Unit (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the Department recognized pension expense of \$14,819. As of June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion and differences between Department contributions and proportionate share of contributions	\$ -	\$ 5,465
Net difference between projected and actual earnings on pension plan investments	-	72,876
Department contributions subsequent to the measurement date	43,070	-
Total	\$ 43,070	\$ 78,341

Department contributions subsequent to the measurement date of \$43,070 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ (21,635)
2017	(20,269)
2018	(18,219)
2019	(18,218)
	\$ (78,341)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### B. Health Department – Component Unit (Continued)

##### Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	5.45 – 9.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the periods July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00%	

\* Rates shown are net of the 3.00% assumed rate of inflation

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Health Department – Component Unit (Continued)

##### Discount Rate

The discount rate used to measure the 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 the current contribution 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 Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Department's proportionate share of the net pension liability	\$ 435,399	\$ 298,587	\$ 182,128

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at [www.ers.ga.gov](http://www.ers.ga.gov).

### NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. RISK MANAGEMENT (CONTINUED)**

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 pools' 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 pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation law 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.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### **NOTE 12. CONTINGENCIES AND COMMITMENTS**

#### **Grant Contingencies**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their representatives. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

#### **Contractual Commitments**

In addition to the liabilities enumerated in the balance sheet at August 31, 2015, the County has contractual commitments on uncompleted contracts of approximately \$263,301.

#### **Litigation**

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD RESTATEMENT

As discussed in Note 10, the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* were implemented by the County and the Health Department, effective September 1, 2014 and July 1, 2014, respectively. The new standards significantly changed the County and the Health Department’s accounting for pension amounts.

Additionally, the County has determined that a restatement of beginning net position of the governmental activities in the Statement of Activities is necessary to correct the reporting of capital assets that were improperly included in the prior year.

As a result of these changes in accounting principles and prior period restatement, the County and Health Department were required to restate beginning net position for the following opinion units as shown below:

#### **Governmental Activities:**

Net position, as previously reported	\$ 31,497,565
Restatement for improper inclusion of capital assets	(419,716)
Restatement for implementation of GASB Statement No. 68:	
Net pension liability as of August 31, 2014	(2,928,164)
Removal of previously reported net pension obligation, under GASB Statement No. 27	41,377
Net position, as restated	\$ 28,191,062

#### **Health Department:**

Net position, as previously reported	\$ 906,314
Effect of restatement:	
Net pension liability as of June 30, 2014	(347,290)
Deferred outflows of pension contributions	(14,819)
Net position, as restated	\$ 544,205

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	<b>2015</b>
<b>Total pension liability</b>	
Service cost	\$ 277,218
Interest on total pension liability	768,751
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(367,516)
<b>Net change in total pension liability</b>	<b>678,453</b>
<b>Total pension liability - beginning</b>	<u>10,250,013</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 10,928,466</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 717,167
Net investment income	531,129
Benefit payments, including refunds of employee contributions	(354,232)
Administrative expenses	(25,266)
Other	(69,445)
<b>Net change in fiduciary net position</b>	<b>799,353</b>
<b>Plan fiduciary net position - beginning</b>	<u>7,321,849</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 8,121,202</u></u>
<b>County's net pension liability - ending (a) - (b)</b>	<u><u>\$ 2,807,264</u></u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>74.31%</b>
<b>Covered-employee payroll</b>	<b>4,725,798</b>
<b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>59.40%</b>

**Notes to the Schedule**

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

## REQUIRED SUPPLEMENTARY INFORMATION

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### SCHEDULE OF COUNTY CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 615,875	\$ 610,102
Contributions in relation to the actuarially determined contribution	<u>717,167</u>	<u>652,729</u>
Contribution deficiency (excess)	<u>\$ (101,292)</u>	<u>\$ (42,627)</u>
Covered-employee payroll	4,725,798	4,888,278
Contributions as a percentage of Covered-employee payroll	15.18%	13.35%

#### Notes to the Schedule

Valuation Date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return On Investments	7.50%
Projected Salary Increases	4.00% - 6.50% (including 3.0% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

## REQUIRED SUPPLEMENTARY INFORMATION

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### HEALTH DEPARTMENT – COMPONENT UNIT

#### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>2015</u>
Proportion of the net pension liability	0.007961%
Proportionate share of the net pension liability	\$ 298,587
Covered-employee payroll	\$ 189,828
Proportionate share of the net pension liability as a percentage of covered-employee payroll	157.29%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

#### SCHEDULE OF CONTRIBUTIONS

	<u>2015</u>
Contractually required contribution	\$ 43,070
Contributions made in relation to the contractually required contribution	<u>43,070</u>
Contribution deficit (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 202,403
Contributions made as a percentage of covered-employee payroll	21.28%

#### Notes to the Schedule

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

## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Special Revenue Funds**

The **Jail Improvement Fund** – To account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

The **Drug Education Fund** – To account for fines collected as required by state law for drug abuse treatment and educational purposes.

The **Law Library Fund** – To account for costs of operating and maintaining the County Law Library. Financing is provided from a \$2 charge added to and collected on all costs in civil and criminal cases.

The **Confiscation Fund** – To account for monies deemed as forfeited property by courts to Jones County from cases related to illegal drug activity.

The **Enhanced 911 Fund** – To account for the operations of the County's E911 system.

The **Juvenile Costs and Fees Fund** – To account for fines and donations, which can be used to rehabilitate juveniles at the discretion of the juvenile judge.

The **Development Authority of Jones County** – To account for the promotion and expansion of industry and trade within Jones County.

## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

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### **Capital Projects Funds**

The **Impact Fee Fund** – To account for capital projects activity funded by development impact fees.

The **Capital Projects 2015 SPLOST Fund** – To account for the financial resources provided from the 2015 General one percent Special Purpose Local Option Sales Tax.

The **2006 TEA Grant Fund** – To account for proceeds and expenditures from funds received from the Department of Transportation for street paving and construction.

### **Debt Service Funds**

The **River North Tax District Debt Service** – To account for the accumulation of resources for the payment of debt principal and interest for the River North GEFA loan.

# JONES COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2015

ASSETS	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
Cash	\$ 50,805	\$ 1,725	\$ 4,652
Investments	-	-	34,246
Taxes receivable	-	-	-
Interest receivable	-	-	90
Accounts receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 50,805	\$ 1,725	\$ 38,988
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,105	\$ -	\$ -
Accrued liabilities	-	1,737	475
Due to other governments	-	-	-
Due to other funds	-	19,131	-
Total liabilities	1,105	20,868	475
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Judicial	-	-	38,513
Public safety	49,700	-	-
Unassigned	-	(19,143)	-
Total fund balances (deficit)	49,700	(19,143)	38,513
Total liabilities and fund balances	\$ 50,805	\$ 1,725	\$ 38,988

<u>Confiscation Fund</u>	<u>Enhanced 911 Fund</u>	<u>Juvenile Costs and Fees Fund</u>	<u>Development Authority of Jones County</u>
\$ 80,308	\$ 24,703	\$ 16,605	\$ 157,863
-	-	-	-
-	-	-	-
-	-	-	-
-	114,467	-	-
-	-	-	-
-	36,272	-	-
-	427	-	-
<u>\$ 80,308</u>	<u>\$ 175,869</u>	<u>\$ 16,605</u>	<u>\$ 157,863</u>
\$ -	\$ -	\$ -	\$ 16,594
-	16,479	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>16,479</u>	<u>-</u>	<u>16,594</u>
-	427	-	-
-	-	-	-
-	-	-	-
-	-	-	141,269
-	-	16,605	-
80,308	158,963	-	-
-	-	-	-
<u>80,308</u>	<u>159,390</u>	<u>16,605</u>	<u>141,269</u>
<u>\$ 80,308</u>	<u>\$ 175,869</u>	<u>\$ 16,605</u>	<u>\$ 157,863</u>

(Continued)

# JONES COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2015

ASSETS	Capital Projects		
	Impact Fee Fund	2015 SPLOST Fund	2006 TEA Grant Fund
Cash	\$ 239,768	\$ 135,743	\$ 1,540
Investments	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	168,753	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 239,768	\$ 304,496	\$ 1,540
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 1,440
Accrued liabilities	-	-	-
Due to other governments	-	29,532	-
Due to other funds	-	-	-
Total liabilities	-	29,532	1,440
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	239,768	274,964	100
Debt service	-	-	-
Economic development	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	239,768	274,964	100
Total liabilities and fund balances	\$ 239,768	\$ 304,496	\$ 1,540

<b>Debt Service</b>	
<b>River North</b>	
<b>Tax District</b>	
<b>Debt</b>	
<b>Service</b>	<b>Totals</b>
\$ 218,309	\$ 932,021
-	34,246
238	238
-	90
-	114,467
-	168,753
-	36,272
-	427
<b>\$ 218,547</b>	<b>\$ 1,286,514</b>
\$ 36,422	\$ 55,561
-	18,691
-	29,532
-	19,131
<b>36,422</b>	<b>122,915</b>
-	427
-	514,832
182,125	182,125
-	141,269
-	55,118
-	288,971
-	(19,143)
<b>182,125</b>	<b>1,163,599</b>
<b>\$ 218,547</b>	<b>\$ 1,286,514</b>

# JONES COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
<b>Revenues:</b>			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Intergovernmental	19,560	-	-
Fines and forfeitures	43,317	43,067	17,780
Charges for services	-	-	-
Impact fees	-	-	-
Investment income	97	5	150
Miscellaneous	-	-	-
Total revenues	62,974	43,072	17,930
<b>Expenditures:</b>			
Current:			
General	-	-	-
Judicial	-	-	23,163
Public safety	69,372	74,846	-
Intergovernmental	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	69,372	74,846	23,163
Excess (deficiency) of revenues over (under) expenditures	(6,398)	(31,774)	(5,233)
<b>Other financing sources:</b>			
Transfers in	-	30,409	-
Issuance of debt	-	-	-
Total other financing sources	-	30,409	-
Net change in fund balances	(6,398)	(1,365)	(5,233)
<b>Fund balances (deficit), beginning of year</b>	56,098	(17,778)	43,746
<b>Fund balances (deficit), end of year</b>	\$ 49,700	\$ (19,143)	\$ 38,513

<b>Confiscation Fund</b>	<b>Enhanced 911 Fund</b>	<b>Juvenile Costs and Fees Fund</b>	<b>Development Authority of Jones County</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	350,885
16,611	-	-	-
-	485,083	-	-
-	-	-	-
176	72	35	227
-	51	845	-
<u>16,787</u>	<u>485,206</u>	<u>880</u>	<u>351,112</u>
-	-	-	85,286
-	-	1,690	-
47,270	638,967	-	-
-	-	-	-
-	-	-	-
-	-	-	165,000
-	-	-	102,760
<u>47,270</u>	<u>638,967</u>	<u>1,690</u>	<u>353,046</u>
<u>(30,483)</u>	<u>(153,761)</u>	<u>(810)</u>	<u>(1,934)</u>
-	153,758	-	-
-	-	-	-
-	<u>153,758</u>	-	-
(30,483)	(3)	(810)	(1,934)
<u>110,791</u>	<u>159,393</u>	<u>17,415</u>	<u>143,203</u>
<u>\$ 80,308</u>	<u>\$ 159,390</u>	<u>\$ 16,605</u>	<u>\$ 141,269</u>

(Continued)

# JONES COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	Capital Projects		
	Impact Fee Fund	2015 SPLOST Fund	2006 TEA Grant Fund
<b>Revenues:</b>			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	333,167	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Impact fees	49,031	-	-
Investment income	412	1	-
Miscellaneous	-	-	-
Total revenues	49,443	333,168	-
<b>Expenditures:</b>			
Current:			
General	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Intergovernmental	-	58,304	-
Capital outlay	-	-	6,525
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	58,304	6,525
Excess (deficiency) of revenues over (under) expenditures	49,443	274,864	(6,525)
<b>Other financing sources:</b>			
Transfers in	-	100	13,190
Issuance of debt	-	-	-
Total other financing sources	-	100	13,190
Net change in fund balances	49,443	274,964	6,665
<b>Fund balances (deficit), beginning of year</b>	190,325	-	(6,565)
<b>Fund balances, end of year</b>	\$ 239,768	\$ 274,964	\$ 100

<b>Debt Service</b>	
<b>River North</b>	
<b>Tax District</b>	
<b>Debt</b>	
<b>Service</b>	<b>Totals</b>
\$ 53,188	\$ 53,188
-	333,167
-	370,445
-	120,775
-	485,083
-	49,031
-	1,175
-	896
<u>53,188</u>	<u>1,413,760</u>
8,024	93,310
-	24,853
-	830,455
-	58,304
975,155	981,680
-	165,000
-	102,760
<u>983,179</u>	<u>2,256,362</u>
<u>(929,991)</u>	<u>(842,602)</u>
-	197,457
941,033	941,033
<u>941,033</u>	<u>1,138,490</u>
11,042	295,888
171,083	867,711
<u>\$ 182,125</u>	<u>\$ 1,163,599</u>

# JONES COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Water and sewer improvements for Jones County	\$ 3,000,000	\$ 3,000,000	\$ 2,690,472	\$ 40,924	\$ 2,731,396
Recreation facilities and equipment	1,100,000	1,100,000	331,860	499,727	831,587
Public works capital projects	2,300,000	2,415,477	2,388,915	26,562	2,415,477
Sheriff's department capital improvements	1,125,000	1,125,000	753,995	180,851	934,846
Rehabilitation of government buildings, including animal control facility	100,000	110,630	104,441	6,189	110,630
Renovation of Old Clinton Tanyard	250,000	250,000	-	4,950	4,950
Library capital improvements	200,000	200,000	-	-	-
Emergency management facilities and equipment	1,312,000	1,744,391	1,639,189	105,202	1,744,391
Industrial park capital improvements	1,500,000	1,500,000	972,885	56,011	1,028,896
Lake Jonesco Golf Course capital improvements	425,000	425,000	419,598	-	419,598
City of Gray	<u>2,688,000</u>	<u>2,688,000</u>	<u>2,242,272</u>	<u>314,653</u>	<u>2,556,925</u>
Total	<u>\$ 14,000,000</u>	<u>\$ 14,558,498</u>	<u>\$ 11,543,627</u>	<u>\$ 1,235,069</u>	<u>\$ 12,778,696</u>
				<u>211,749</u>	
				<u>\$ 1,446,818</u>	
			Total 2009 SPLOST Fund expenditures		

# JONES COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Water and sewer improvements for Jones County	\$ 1,300,000	\$ 1,300,000	\$ -	\$ -	\$ -
Park and recreation capital projects	1,400,000	1,400,000	-	-	-
Public works capital projects	1,300,000	1,300,000	-	-	-
Sheriff's vehicles	1,280,000	1,280,000	-	-	-
Emergency management capital projects	1,000,000	1,000,000	-	-	-
Buildings, including tax office	300,000	300,000	-	-	-
Industrial park sewer	700,000	700,000	-	-	-
Community parks	100,000	100,000	-	-	-
Library capital improvements	275,000	275,000	-	-	-
Administrative, legal fees, and interest	25,000	25,000	-	-	-
Industrial park debt	1,600,000	1,600,000	-	-	-
Animal control facility	200,000	200,000	-	-	-
Highway 49 track	300,000	300,000	-	-	-
Lake Jonesco Golf Course	120,000	120,000	-	-	-
City of Gray	2,100,000	2,100,000	-	58,304	58,304
Total	\$ 12,000,000	\$ 12,000,000	\$ -	\$ 58,304	\$ 58,304

## **AGENCY FUNDS**

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**Tax Commissioner** – To account for the collection and payment to Jones County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Jones County and other taxing units.

**Clerk of Superior Court** – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

**Probate Court** – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

**Magistrate Court** – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

**Sheriff** – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

**Juvenile Court** – To account for all monies received by the Juvenile Court on behalf of individuals, private organizations, other governmental units, and other funds.

# JONES COUNTY, GEORGIA

## AGENCY FUNDS COMBINING BALANCE SHEET AUGUST 31, 2015

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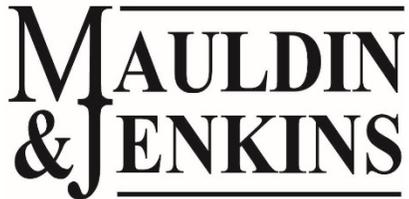
<b><u>ASSETS</u></b>	<b><u>Tax Commissioner</u></b>	<b><u>Clerk of Superior Court</u></b>	<b><u>Probate Court</u></b>	<b><u>Magistrate Court</u></b>
Cash	\$ 302,699	\$ 54,234	\$ 19,624	\$ 14,044
Taxes receivable	188,103	-	-	-
Due from others	-	18,930	-	-
Total assets	<u>\$ 490,802</u>	<u>\$ 73,164</u>	<u>\$ 19,624</u>	<u>\$ 14,044</u>
 <b><u>LIABILITIES</u></b>				
Due to others	<u>\$ 490,802</u>	<u>\$ 73,164</u>	<u>\$ 19,624</u>	<u>\$ 14,044</u>

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<u>Sheriff</u>	<u>Juvenile Court</u>	<u>Total</u>
\$ 89,151	\$ -	\$ 479,752
-	-	188,103
-	-	18,930
<u>\$ 89,151</u>	<u>\$ -</u>	<u>\$ 686,785</u>
 <u>\$ 89,151</u>	 <u>\$ -</u>	 <u>\$ 686,785</u>

## **COMPLIANCE SECTION**

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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**

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**Board of Commissioners  
of Jones County, Georgia  
Gray, Georgia**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia (the "County"), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 24, 2016. Our report includes a reference to other auditors who audited the financial statements of the Jones County Board of Health and the Development Authority of Jones County, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Jones County, Georgia's Responses to Findings**

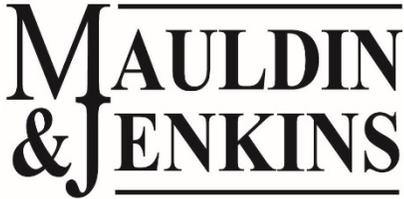
The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
February 24, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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**Board of Commissioners  
of Jones County, Georgia  
Gray, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited Jones County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jones County, Georgia's major federal programs for the year ended August 31, 2015. Jones County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Jones County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jones County, Georgia's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Jones County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

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## Report on Internal Control Over Compliance

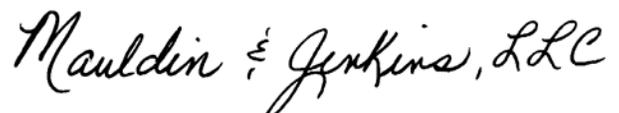
Management of Jones County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jones County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jones County, Georgia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macon, Georgia  
February 24, 2016



# JONES COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

Grant Program	CFDA #	Grant I.D.	Expenditures
<b>U.S. Department of Labor</b>			
Passed through Middle Georgia Regional Commission			
Senior Community Service Employment Program	17.235	FY2015	\$ 30,189
<b>Total U.S. Department of Labor</b>			<u>30,189</u>
<b>U.S. Department of Justice</b>			
Direct Awards			
Sex Offender Registration and Notification Act (SORNA)	16.750	Z12-8-020	17,480
<b>Total U.S. Department of Justice</b>			<u>17,480</u>
<b>U.S. Department of Transportation</b>			
Passed through Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	TEE-0010-00(671)	5,220
<b>Total Highway Planning and Construction Cluster</b>			<u>5,220</u>
Section 5311 Grant - Transit Operating Assistance	20.509	GA-18-4032	64,366
<b>Total U.S. Department of Transportation</b>			<u>69,586</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CWSRF13-002	972,175
<b>Total Clean Water State Revolving Fund Cluster</b>			<u>972,175</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>972,175</u>
<b>U.S. Department of Homeland Security</b>			
Direct Awards			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.067	FEMA-4165-DR-GA	2,404
Passed through Georgia Emergency Management Agency			
Performance Partnership Agreement	97.042	OEM11-086	15,516
<b>Total U.S. Department of Homeland Security</b>			<u>17,920</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,107,350</u>

**Note:** The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# JONES COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

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### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### **Federal Awards**

Internal Control over major programs:  
Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for  
major programs Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with OMB Circular  
A-133, Section 510(a)?  yes  no

Identification of major programs:

CFDA Number

66.458

Name of Federal Program or Cluster

U.S. Environmental Protection Agency  
Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between  
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

# JONES COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

#### **2015-001. Recording of Capital Leases**

Criteria: Generally accepted accounting principles require the issuance of long-term debt in a governmental fund, including capital leases, to be treated as an other financing source. The amount reported should equal minimum lease payments at the inception of the capital lease.

Condition: During the year ended August 31, 2015, the County entered into a new capital lease agreement, but it was not recorded by the County.

Context/Cause: During our audit of debt, an adjustment was required to record this new capital lease in the General Fund of the County.

Effect: An audit adjustment to increase other financing sources from capital leases and expenditures in the amount of \$149,623 was required to be reported in the General Fund.

Recommendation: We recommend with all issuance of debt the County carefully review all journal entries to ensure all have been properly recorded.

Views of Responsible Officials and Planned Corrective Action: We concur. When any debt is issued by the County, we will make sure all journal entries have been properly made to record debt.

#### **2015-002. Management of Capital Assets**

Criteria: Accurate property records are an important tool in maintaining control over capital assets and ensuring the proper calculation of depreciation.

Condition: Prior to fiscal year 2015, the County improperly duplicated certain governmental assets in their property records.

Context/Cause: See above condition.

Effect: A prior period adjustment was required to decrease the beginning balance of governmental activities net position and capital assets in the amount of \$419,716.

Recommendation: We recommend the County review all capital asset activity carefully to ensure items are properly included.

Views of Responsible Officials and Planned Corrective Action: We concur. We will review all capital asset activity carefully to ensure proper inclusion.

**JONES COUNTY, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015**

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**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**JONES COUNTY, GEORGIA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2015**

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None reported.