

JONES COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2017

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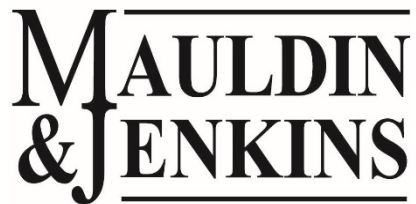
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INDEPENDENT AUDITOR'S REPORT

**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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the 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 12.0%, 12.9%, and 33.3%, respectively, of the assets, fund balance, 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.

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, 2017, 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.

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), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 63), and the Schedule of County Contributions (on page 64) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 purposes of additional analysis and are not a required part of the 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 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 and the schedules of expenditures of special purpose local option sales tax proceeds 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 27, 2018, 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 27, 2018

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JONES COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2017

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, 2017. 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, 2016, by \$40,156,031 (net position) and at August 31, 2017, by \$41,027,799 (net position). Of this amount, \$835,465 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, which is an increase in unrestricted net position from the prior year of \$597,401.
- At August 31, 2017, the County's total fund balances as summarized for all governmental fund types on page 19 of the financial statements were \$8,803,962. At August 31, 2016, the County's total fund balances as summarized for all governmental funds were \$8,424,980, a decrease of \$378,982, or approximately 4%, from the 2016 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 2016 and in 2017 continues to demonstrate an improvement 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

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 fund. 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, CDBG Grant Fund, CHIP Grant Fund, 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 and the 2015 SPLOST Capital Projects, 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

Proprietary funds. The County uses an enterprise fund, also known as the business-type function, to account for the Jones County Water and Sewer Fund. The proprietary fund is 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 \$40,156,031 at the close of the 2016 fiscal year and by \$41,027,799 at the close of the 2017 fiscal year, an increase of \$871,768. Of the \$40,156,031, \$27,116,463 resulted from governmental activities and \$13,039,568 resulted from the County's business-type activities in 2016. In comparison, for fiscal year 2017, of the \$41,027,799, \$28,010,289 resulted from the County's governmental activities and \$13,017,510 resulted from the County's business-type activities.

By far the largest portion of the County's net position (89% in 2016 and in 2017) 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	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 9,582,017	\$ 10,176,191	\$ 684,522	\$ 1,167,742	\$10,266,539	\$11,343,933
Capital assets	28,961,542	28,856,009	13,811,992	13,404,512	42,773,534	42,260,521
Total assets	<u>38,543,559</u>	<u>39,032,200</u>	14,496,514	14,572,254	53,040,073	53,604,454
Deferred outflows of resources	879,453	990,295	-	-	879,453	990,295
Other liabilities	1,114,907	1,318,938	177,604	285,820	1,292,511	1,604,758
Long-term liabilities outstanding	11,096,418	10,552,415	1,279,342	1,268,924	12,375,760	11,821,339
Total liabilities	<u>12,211,325</u>	<u>11,871,353</u>	1,456,946	1,554,744	13,668,271	13,426,097
Deferred inflows of resources	95,224	140,853	-	-	95,224	140,853
Net position:						
Net investment in capital assets	23,230,074	24,254,429	12,572,115	12,165,403	35,802,189	36,419,832
Restricted	3,735,663	3,755,475	20,778	17,027	3,756,441	3,772,501
Unrestricted	150,726	385	446,675	835,080	597,401	835,465
Total net position	<u>\$27,116,463</u>	<u>\$ 28,010,289</u>	\$13,039,568	\$ 13,017,510	\$40,156,031	\$41,027,799

An additional portion of the County's total net position (9% in 2016 and in 2017) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net position \$597,401 in 2016 and \$835,465 in 2017 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 all 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 (\$1,315,554) in 2016 and increased by \$893,826 in 2017. Business-type activities increased the County's net position by \$1,257,186 in 2016 and decreased by (\$22,058) in 2017, respectively. Key elements of these are as follows:

	Jones County's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues						
Program revenues:						
Charges for services	\$ 2,558,187	\$ 2,464,066	\$ 2,187,204	\$ 2,374,069	\$ 4,745,391	\$ 4,838,135
Operating grants and contributions	581,178	618,682	-	-	581,178	618,682
Capital grants and contributions	728,525	893,205	86,301	57,192	814,826	950,397
General revenues:						
Property taxes	11,813,954	11,937,291	-	-	11,813,954	11,937,291
Sales taxes	3,581,171	3,465,176	-	-	3,581,171	3,465,176
Other taxes	1,661,343	1,757,888	-	-	1,661,343	1,757,888
Unrestricted investment earnings	20,923	22,788	840	1,340	21,763	24,128
Total revenues	<u>20,945,281</u>	<u>21,159,096</u>	<u>2,274,345</u>	<u>2,432,601</u>	<u>23,219,626</u>	<u>23,591,697</u>
Expenses						
General government	4,415,950	4,440,359	-	-	4,415,950	4,440,359
Judicial	1,493,625	1,699,758	-	-	1,493,625	1,699,758
Public safety	7,200,277	7,288,570	-	-	7,200,277	7,288,570
Public works	5,011,257	4,267,001	-	-	5,011,257	4,267,001
Health and welfare	463,770	458,234	-	-	463,770	458,234
Culture and recreation	1,446,129	1,465,882	-	-	1,446,129	1,465,882
Housing and development	671,576	362,835	-	-	671,576	362,835
Interest on long-term debt	211,059	218,620	-	-	211,059	218,620
Water and sewer	-	-	2,364,351	2,518,670	2,364,351	2,518,670
Total expenses	<u>20,913,643</u>	<u>20,201,259</u>	<u>2,364,351</u>	<u>2,518,670</u>	<u>23,277,994</u>	<u>22,719,929</u>
Change in net position before transfers	31,638	957,837	(90,006)	(86,069)	(58,368)	871,768
Transfers	(1,347,192)	(64,011)	1,347,192	64,011	-	-
Change in net position	(1,315,554)	893,826	1,257,186	(22,058)	(58,368)	871,768
Net position, beginning, as restated	28,432,017	27,116,463	11,782,382	13,039,568	40,214,399	40,156,031
Net position, ending	<u>\$27,116,463</u>	<u>\$ 28,010,289</u>	<u>\$13,039,568</u>	<u>\$ 13,017,510</u>	<u>\$40,156,031</u>	<u>\$41,027,799</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2017 fiscal year, the County's governmental funds reported combined ending fund balances of \$8,803,962, an increase of \$378,982 in comparison with the prior year. Specifically, the restricted fund balance for debt service decreased by (\$228,480); the fund balance nonspendable for inventory increased by \$8,190; nonspendable fund balance for prepaid items decreased by \$164,091; unassigned total governmental funds increased by \$510,555; restricted fund balance for judicial and public safety decreased by \$30,730; and restricted fund balance in the capital project funds increased \$217,363. 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 \$232,663. Approximately 53% of the combined fund balance constitutes unassigned fund balance \$4,663,031, which is available for spending at the government's discretion. The remainder of the 2017 fund balance \$4,140,931 is classified as nonspendable \$385,456, and restricted \$3,755,475 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 \$4,682,931, while total fund balance of the General Fund reached \$5,721,747. The 2017 unassigned fund balance of the General Fund increased \$511,518 and the nonspendable fund balance decreased \$155,901. 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 28% of total General Fund expenditures, while total fund balance represents 34% of that same amount.

The fund balance of the County's total General Fund increased in the amount of \$1,013,493 during the current fiscal year. The actual County's revenues collected in 2017 were less than anticipated by \$1,052,439, and the expenditures were less than anticipated by \$788,819. With the other financing sources and uses (\$256,560), the net result is the increase of \$1,013,493.

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

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 2017 fiscal year, the 2009 SPLOST Capital Projects Fund had a restricted fund balance of \$721,723.

Proprietary fund. The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary fund type is an enterprise fund.

At the end of the current fiscal year, unrestricted net position of the Water and Sewer Fund was \$835,080, an increase of \$388,405, or 53% from 2016. The Water and Sewer Fund reflects restricted net position of \$7,404 for debt service, and a decrease of \$3,770. For the years ended August 31, 2017 and 2016, the proprietary funds had total net position of \$13,017,510 and \$13,039,568, respectively. This is a decrease in total net position for the proprietary funds in the amount of (\$22,058).

Jones County Enterprise Net Operating Loss, Non-operating Expenses and Transfers

	2016	2017
Net operating loss:	\$ (133,552)	\$ (106,870)
Non-operating expenses	(42,755)	(36,391)
Loss before transfers and contributions	(176,307)	(143,261)
Capital Contributions	1,447,192	139,327
Transfers in (out)	(13,699)	(18,124)
Change in net position	\$ 1,257,186	\$ (22,058)

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The major impact between the actual and the final amended budget was our government's current-year revenues were sufficient to pay for current-year services. Decrease in spending resulted in additional funds staying within 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 an increase in the amount of \$1,013,493. End of year actual fund balance is \$5,721,747 in the General Fund, which will cover expenses for approximately four months.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of August 31, 2017, decreased \$105,533 to \$28,856,009 (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, 2017. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2017. The County's investment in capital assets for its business-type activities as of August 31, 2017 decreased \$407,480 to \$13,404,512. 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	
	2016	2017	2016	2017	2016	2017
Land	\$ 4,365,090	\$ 4,365,090	\$ 88,167	\$ 88,167	\$ 4,453,257	\$ 4,453,257
Intangibles	42,640	42,640	-	-	42,640	42,640
Land improvements	3,239,155	3,084,000	-	-	3,239,155	3,084,000
Buildings and improvements	8,419,263	8,192,681	157,001	151,399	8,576,264	8,344,080
Machinery and equipment	1,716,491	1,679,230	204,527	319,437	1,921,018	1,998,667
Water system	-	-	11,828,484	11,475,768	11,828,484	11,475,768
Water storage tanks	-	-	753,556	618,148	753,556	618,148
RN sewer system	-	-	687,162	643,963	687,162	643,963
Pumping station	-	-	10,044	2,544	10,044	2,544
Infrastructure	6,959,789	6,468,764	-	-	6,959,789	6,468,764
Construction in progress	4,219,114	5,023,604	83,051	105,086	4,302,165	5,128,690
Total	\$28,961,542	\$ 28,856,009	\$13,811,992	\$ 13,404,512	\$42,773,534	\$42,260,521

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major projects in 2017 included the following:

- New TE Haddock Walkways (not completed)
- Generators for Well 7 and Largo WTP (completed)
- HWY 18 Recreation Expansion (not completed)
- Old Mattie Wells Gym (completed)
- Industrial Park-road infrastructure improvement (not completed)
- Animal Control Facility (not completed)
- Water meter installation (1094 meters-completed)
- Jail Expansion (not completed)
- Gray Hwy Water Lines (not completed)
- River North Rehab-GEFA (not completed)
- Drinking Water-GEFA-DWSRF 15018-Masseyville Filtration System (not completed)
- Sun Valley Sewer CDBG 15P-y-084-1-5748 (not completed)
- Hwy 49 Track (not completed)
- GEFA CWSRF-CW2016019-Sun Valley (not completed)
- Haddock/Baldwin Connect Water Main (not completed)

Long-term debt. At the end of the current fiscal year, Jones County had total outstanding bonded debt of \$2,431,000, which is secured solely by specified revenue services. The total long-term debt of the County, other than bonds, is \$9,390,339.

- 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 9 years of monitoring remaining. The costs of monitoring have been estimated based on what it would cost to perform all post-closure care in 2017. However, the actual cost may be higher due to inflation, changes in technology, or changes in laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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>
Governmental activities:					
Revenue bonds	\$ 2,445,000	\$ -	\$ 180,000	2,265,000	\$ 190,000
Notes payable	3,857,259	-	416,164	3,441,095	217,618
Capital leases	463,882	-	180,734	283,148	211,878
Landfill post-closure	220,000	-	22,000	198,000	22,000
Compensated absences	555,088	159,360	161,473	552,975	442,380
Net pension liability	3,555,189	1,729,993	1,472,985	3,812,197	-
	<u>\$ 11,096,418</u>	<u>\$ 1,889,353</u>	<u>\$ 2,433,356</u>	<u>\$ 10,552,415</u>	<u>\$ 1,083,876</u>
Business-type activities:					
Revenue bonds	\$ 210,000	\$ -	\$ 44,000	\$ 166,000	\$ 48,000
Notes payable	1,029,877	176,952	133,720	1,073,109	42,771
Compensated absences	39,465	10,949	20,599	29,815	23,852
Total	<u>\$ 1,279,342</u>	<u>\$ 187,901</u>	<u>\$ 198,319</u>	<u>\$ 1,268,924</u>	<u>\$ 114,623</u>

Economic Factors and Next Year's Budgets

- The unemployment rate for the County is at 4.1% which is lower than the Middle Georgia rate of 4.8%, and the State of Georgia rate of 5.2% (revised December 2016 data). (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: 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, which opened on Thursday, December 15, 2016. The work began in June of 2014 and was completed more than 6 months ahead of the estimated completion date of June 2017. 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).
- The value of the County's tax digest increased from \$674,258,806 to \$680,228,893, 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 remained the same in the unincorporated area (16.197).

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, and P.O. Box 1359, Gray, Georgia 31032.

BASIC FINANCIAL STATEMENTS

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION AUGUST 31, 2017

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
Cash and cash equivalents	\$ 8,405,423	\$ 657,891	\$ 9,063,314	\$ 955,096
Investments	796,626	-	796,626	-
Taxes receivable	223,038	-	223,038	-
Interest receivable	91	-	91	-
Accounts receivable, net of allowances	161,279	247,362	408,641	645
Due from other governments	183,405	-	183,405	38,294
Internal balances	20,873	(20,873)	-	-
Inventories	81,580	-	81,580	-
Prepaid items	303,876	1,621	305,497	-
Restricted assets, cash	-	281,741	281,741	-
Capital assets, nondepreciable	9,431,334	193,253	9,624,587	-
Capital assets, depreciable, net of accumulated depreciation	19,424,675	13,211,259	32,635,934	9,134
Total assets	39,032,200	14,572,254	53,604,454	1,003,169
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	32,929	-	32,929	-
Pension	957,366	-	957,366	108,229
Total deferred outflows of resources	990,295	-	990,295	108,229
LIABILITIES				
Accounts payable	647,209	102,077	749,286	-
Accrued liabilities	552,516	-	552,516	6,801
Due to other governments	28,664	-	28,664	16,633
Other current liabilities	90,549	-	90,549	-
Accrued interest	-	1,383	1,383	-
Liabilities payable from restricted assets	-	182,360	182,360	-
Capital leases due within one year	211,878	-	211,878	-
Capital leases due in more than one year	71,270	-	71,270	-
Compensated absences due within one year	442,380	23,852	466,232	-
Compensated absences due in more than one year	110,595	5,963	116,558	27,944
Notes payable due within one year	217,618	42,771	260,389	-
Notes payable due in more than one year	3,223,477	1,030,338	4,253,815	-
Bonds payable due within one year	190,000	48,000	238,000	-
Bonds payable due in more than one year	2,075,000	118,000	2,193,000	-
Landfill post-closure costs due within one year	22,000	-	22,000	-
Landfill post-closure costs due in more than one year	176,000	-	176,000	-
Net pension liability	3,812,197	-	3,812,197	410,269
Total liabilities	11,871,353	1,554,744	13,426,097	461,647

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION AUGUST 31, 2017

DEFERRED INFLOWS OF RESOURCES	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
Pension	\$ 140,853	\$ -	\$ 140,853	\$ 948
Total deferred inflows of resources	140,853	-	140,853	948
NET POSITION				
Net investment in capital assets	24,254,429	12,165,403	36,419,832	9,134
Restricted for:				
Debt service	47,970	7,404	55,374	-
Renewal and replacement	-	9,623	9,623	-
Capital projects	3,129,847	-	3,129,847	-
Economic development	232,663	-	232,663	-
Judicial	52,610	-	52,610	-
Public safety	292,385	-	292,385	-
Unrestricted	385	835,080	835,465	639,669
Total net position	\$ 28,010,289	\$ 13,017,510	\$ 41,027,799	\$ 648,803

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

JONES COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:				
Governmental activities:				
General government	\$ 4,440,359	\$ 521,779	\$ 32,453	\$ 45,003
Judicial	1,699,758	633,512	33,882	-
Public safety	7,288,570	913,933	27,097	-
Public works	4,267,001	114,149	82,865	847,973
Health and welfare	458,234	-	-	-
Culture and recreation	1,465,882	205,092	20,181	229
Housing and development	362,835	75,601	422,204	-
Interest on long-term debt	218,620	-	-	-
Total governmental activities	20,201,259	2,464,066	618,682	893,205
Business-type activities:				
Water and sewer	2,518,670	2,374,069	-	57,192
Total business-type activities	2,518,670	2,374,069	-	57,192
Total primary government	\$ 22,719,929	\$ 4,838,135	\$ 618,682	\$ 950,397
Component unit:				
Jones County Board of Health	\$ 509,898	\$ 202,249	\$ 337,377	\$ -
Total component unit	\$ 509,898	\$ 202,249	\$ 337,377	\$ -
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				
Net position, end of year				

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

**Net (Expenses) Revenues and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total	Component Unit Jones County Board of Health
\$ (3,841,124)	\$ -	\$ (3,841,124)	\$ -
(1,032,364)	-	(1,032,364)	-
(6,347,540)	-	(6,347,540)	-
(3,222,014)	-	(3,222,014)	-
(458,234)	-	(458,234)	-
(1,240,380)	-	(1,240,380)	-
134,970	-	134,970	-
(218,620)	-	(218,620)	-
<u>(16,225,306)</u>	<u>-</u>	<u>(16,225,306)</u>	<u>-</u>
-	(87,409)	(87,409)	-
-	(87,409)	(87,409)	-
<u>\$ (16,225,306)</u>	<u>\$ (87,409)</u>	<u>\$ (16,312,715)</u>	<u>\$ -</u>
-	-	-	29,728
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,728</u>
11,937,291	-	11,937,291	-
3,465,176	-	3,465,176	-
1,418,950	-	1,418,950	-
111,977	-	111,977	-
95,950	-	95,950	-
131,011	-	131,011	-
22,788	1,340	24,128	704
(64,011)	64,011	-	-
<u>17,119,132</u>	<u>65,351</u>	<u>17,184,483</u>	<u>704</u>
893,826	(22,058)	871,768	30,432
<u>27,116,463</u>	<u>13,039,568</u>	<u>40,156,031</u>	<u>618,371</u>
<u>\$ 28,010,289</u>	<u>\$ 13,017,510</u>	<u>\$ 41,027,799</u>	<u>\$ 648,803</u>

JONES COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017**

<u>ASSETS</u>	<u>General</u>	<u>Capital Projects 2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 5,377,304	\$ 1,387,663	\$ 1,640,456	\$ 8,405,423
Investments	762,109	-	34,517	796,626
Taxes receivable	222,942	-	96	223,038
Interest receivable	-	-	91	91
Accounts receivable	33,597	-	127,682	161,279
Due from other governments	23,350	158,947	1,108	183,405
Due from other funds	51,081	-	90,462	141,543
Inventories	81,580	-	-	81,580
Prepaid items	299,360	-	4,516	303,876
Total assets	<u>\$ 6,851,323</u>	<u>\$ 1,546,610</u>	<u>\$ 1,898,928</u>	<u>\$ 10,296,861</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 341,910	\$ 168,676	\$ 136,623	\$ 647,209
Accrued liabilities	552,516	-	-	552,516
Due to other governments	848	27,816	-	28,664
Due to other funds	90,462	-	30,208	120,670
Other current liabilities	90,549	-	-	90,549
Total liabilities	<u>1,076,285</u>	<u>196,492</u>	<u>166,831</u>	<u>1,439,608</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>53,291</u>	<u>-</u>	<u>-</u>	<u>53,291</u>
Total deferred inflows of resources	<u>53,291</u>	<u>-</u>	<u>-</u>	<u>53,291</u>

(Continued)

JONES COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017**

	<u>General</u>	<u>Capital Projects 2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 81,580	\$ -	\$ -	\$ 81,580
Prepaid items	299,360	-	4,516	303,876
Restricted for:				
Capital projects	657,876	1,350,118	1,121,853	3,129,847
Debt service	-	-	47,970	47,970
Economic development	-	-	232,663	232,663
Judicial	-	-	52,610	52,610
Public safety	-	-	292,385	292,385
Unassigned	<u>4,682,931</u>	<u>-</u>	<u>(19,900)</u>	<u>4,663,031</u>
 Total fund balances	 <u>5,721,747</u>	 <u>1,350,118</u>	 <u>1,732,097</u>	 <u>8,803,962</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 6,851,323</u>	 <u>\$ 1,546,610</u>	 <u>\$ 1,898,928</u>	

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.	28,856,009
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(87,562)
Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds.	957,366
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,519,486)</u>
Net position of governmental activities	<u>\$ 28,010,289</u>

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, 2017**

	<u>General</u>	<u>Capital Projects 2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 15,181,132	\$ 1,913,886	\$ 54,176	\$ 17,149,194
Licenses and permits	205,142	-	-	205,142
Intergovernmental	982,946	-	491,785	1,474,731
Fines and forfeitures	355,010	-	191,123	546,133
Charges for services	1,156,561	-	472,867	1,629,428
Impact fees	-	-	24,794	24,794
Investment income	21,234	2,391	3,366	26,991
Miscellaneous	90,092	-	1,430	91,522
Total revenues	<u>17,992,117</u>	<u>1,916,277</u>	<u>1,239,541</u>	<u>21,147,935</u>
Expenditures				
Current:				
General government	3,922,147	-	93,462	4,015,609
Judicial	1,530,189	-	109,303	1,639,492
Public safety	5,488,224	-	941,486	6,429,710
Public works	3,573,474	-	-	3,573,474
Health and welfare	435,629	-	-	435,629
Culture and recreation	1,266,686	-	-	1,266,686
Housing and development	334,679	-	-	334,679
Intergovernmental	-	332,380	-	332,380
Capital outlay	-	1,099,418	670,363	1,769,781
Debt service:				
Principal	160,168	175,818	445,912	781,898
Interest and fiscal charges	10,868	93,242	104,757	208,867
Issuance costs	-	-	1,460	1,460
Total expenditures	<u>16,722,064</u>	<u>1,700,858</u>	<u>2,366,743</u>	<u>20,789,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,270,053</u>	<u>215,419</u>	<u>(1,127,202)</u>	<u>358,270</u>

(Continued)

JONES COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

	<u>General</u>	<u>Capital Projects 2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Proceeds from sale of assets	\$ 2,588	\$ -	\$ -	\$ 2,588
Issuance of debt	-	-	-	-
Transfers in	18,124	-	277,272	295,396
Transfers out	<u>(277,272)</u>	<u>-</u>	<u>-</u>	<u>(277,272)</u>
Total other financing sources (uses)	<u>(256,560)</u>	<u>-</u>	<u>277,272</u>	<u>20,712</u>
Net change in fund balances	1,013,493	215,419	(849,930)	378,982
Fund balance, beginning of year	<u>4,708,254</u>	<u>1,134,699</u>	<u>2,582,027</u>	<u>8,424,980</u>
Fund balance, end of year	<u>\$ 5,721,747</u>	<u>\$ 1,350,118</u>	<u>\$ 1,732,097</u>	<u>\$ 8,803,962</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, 2017

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

Net change in fund balances - total governmental funds.	\$ 378,982
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 outlay exceeded depreciation in the current period.	(23,398)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(82,135)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	11,161
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.	795,605
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>(186,389)</u>
	<u>\$ 893,826</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, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 12,336,887	\$ 11,871,954	\$ 11,871,954	\$ -
Sales taxes	1,617,915	1,551,290	1,551,290	-
Other taxes	1,674,224	1,757,888	1,757,888	-
Licenses and permits	211,100	205,142	205,142	-
Intergovernmental	1,409,062	982,946	982,946	-
Fines and forfeitures	375,500	355,010	355,010	-
Charges for services	1,342,920	1,156,561	1,156,561	-
Investment income	20,000	21,234	21,234	-
Miscellaneous	56,948	90,092	90,092	-
Total revenues	19,044,556	17,992,117	17,992,117	-
Expenditures:				
Current:				
General government:				
Governing body	150,293	149,856	149,856	-
Chief executive	603,446	559,188	559,188	-
Elections	151,804	119,880	119,880	-
Law	166,277	126,719	126,719	-
Data processing	128,430	106,834	106,834	-
Tax commissioner	425,487	423,896	423,896	-
Tax assessor	367,373	364,056	364,056	-
Board of equalization	13,904	17,019	17,019	-
Risk management	258,000	209,473	209,473	-
Buildings and plant	526,614	485,701	485,701	-
Records management	915	774	774	-
General administration	1,734,678	1,358,751	1,358,751	-
Total general government	4,527,221	3,922,147	3,922,147	-
Judicial:				
Superior court	566,498	614,459	614,459	-
District attorney	145,719	140,673	140,673	-
Magistrate court	186,112	185,292	185,292	-
Probate court	336,949	277,309	277,309	-
Traffic court	30,032	32,761	32,761	-
Juvenile court	93,974	119,863	119,863	-
Operation early intervention	52,003	55,860	55,860	-
Grand jury	3,500	725	725	-
Public defender	109,426	103,247	103,247	-
Total judicial	1,524,213	1,530,189	1,530,189	-

(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, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Public safety:				
Law enforcement administration	\$ 3,085,441	\$ 3,117,162	\$ 3,117,162	\$ -
Jail operations	1,615,839	1,672,843	1,672,843	-
Adult probation and parole	250	-	-	-
Fire	67,707	53,918	53,918	-
Ambulance	1,672	1,375	1,375	-
Coroner	43,983	48,305	48,305	-
Animal control	167,372	167,682	167,682	-
Emergency management	453,102	426,939	426,939	-
Total public safety	5,435,366	5,488,224	5,488,224	-
Public works:				
Administration	2,817,836	2,369,290	2,369,290	-
Sanitary administration	266,268	301,662	301,662	-
DNR code enforcement	82,937	74,527	74,527	-
Solid waste collection	193,120	211,022	211,022	-
Recycling	241,078	288,941	288,941	-
Landfill	97,941	85,458	85,458	-
Public education	39,188	34,475	34,475	-
Maintenance and shop	265,470	208,099	208,099	-
Total public works	4,003,838	3,573,474	3,573,474	-
Health and welfare:				
Public health	109,346	109,346	109,346	-
Welfare	50,000	50,000	50,000	-
Older American Council	62,303	42,755	42,755	-
5311 transportation	197,569	233,528	233,528	-
Total health and welfare	419,218	435,629	435,629	-
Culture and recreation:				
Recreation centers	939,237	1,132,765	1,132,765	-
Jonesco restoration	12,750	7,703	7,703	-
Libraries	128,177	126,218	126,218	-
Total culture and recreation	1,080,164	1,266,686	1,266,686	-

(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, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Housing and development:				
Agricultural resources	\$ 92,357	\$ 89,489	\$ 89,489	\$ -
Planning and zoning	174,345	162,065	162,065	-
Economic development	83,125	83,125	83,125	-
Total housing and development	<u>349,827</u>	<u>334,679</u>	<u>334,679</u>	<u>-</u>
Debt service				
Principal	160,167	160,168	160,168	-
Interest and fiscal charges	10,869	10,868	10,868	-
Total debt service	<u>171,036</u>	<u>171,036</u>	<u>171,036</u>	<u>-</u>
 Total expenditures	 <u>17,510,883</u>	 <u>16,722,064</u>	 <u>16,722,064</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>1,533,673</u>	 <u>1,270,053</u>	 <u>1,270,053</u>	 <u>-</u>
Other financing sources (uses):				
Proceeds from sale of assets	12,000	2,588	2,588	-
Transfers in	13,500	18,124	18,124	-
Transfers out	<u>(797,290)</u>	<u>(277,272)</u>	<u>(277,272)</u>	<u>-</u>
Total other financing sources (uses)	<u>(771,790)</u>	<u>(256,560)</u>	<u>(256,560)</u>	<u>-</u>
 Net change in fund balance	 761,883	 1,013,493	 1,013,493	 -
Fund balance, beginning of year	<u>4,708,254</u>	<u>4,708,254</u>	<u>4,708,254</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,470,137</u>	<u>\$ 5,721,747</u>	<u>\$ 5,721,747</u>	<u>\$ -</u>

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

JONES COUNTY, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2017**

ASSETS	Major Enterprise Fund Water and Sewer Fund
CURRENT ASSETS	
Cash	\$ 657,891
Accounts receivable, net of allowances	247,362
Restricted assets, cash	281,741
Prepaid items	1,621
Total current assets	1,188,615
NONCURRENT ASSETS	
Capital assets	
Capital assets, nondepreciable	193,253
Capital assets, depreciable, net of accumulated depreciation	13,211,259
Total capital assets	13,404,512
Total noncurrent assets	13,404,512
Total assets	\$ 14,593,127
LIABILITIES	
CURRENT LIABILITIES	
Payable from current assets:	
Accounts payable	\$ 102,077
Compensated absences, current portion	23,852
Notes payable, current portion	42,771
Due to other funds	20,873
Total payable from current assets	189,573

(Continued)

JONES COUNTY, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2017**

	Major Enterprise Fund
	Water and Sewer Fund
Payable from restricted assets:	
Accrued interest payable	\$ 1,383
Revenue bonds payable, current portion	48,000
Customer deposits payable	182,360
Total payable from restricted assets	231,743
Total current liabilities	421,316
NONCURRENT LIABILITIES	
Revenue bonds payable, net of current portion	118,000
Compensated absences, net of current portion	5,963
Notes payable, net of current portion	1,030,338
Total noncurrent liabilities	1,154,301
Total liabilities	1,575,617
NET POSITION	
Net investment in capital assets	12,165,403
Restricted for:	
Debt service	7,404
Renewal and replacement	9,623
Unrestricted	835,080
Total net position	\$ 13,017,510

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

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JONES COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Major Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Charges for services:	
Water sales pledged as security for revenue bonds	\$ 1,884,781
Sewer sales	265,228
Connection fees	73,265
Other operating income	150,795
Total operating revenues	2,374,069
Operating expenses:	
Salaries and benefits	467,291
Purchased/contracted services	601,780
Supplies and materials	731,848
Other	13,453
Depreciation	666,567
Total operating expenses	2,480,939
Operating loss	(106,870)
Non-operating revenues (expenses):	
Investment income	1,340
Interest expense	(37,731)
Total non-operating expenses	(36,391)
Loss before transfers	(143,261)
Capital contributions	139,327
Transfers	
Transfers out	(18,124)
Total transfers	(18,124)
Change in net position	(22,058)
Net position, beginning of year	13,039,568
Net position, end of year	\$ 13,017,510

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, 2017**

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,470,356
Payments to suppliers and service providers	(1,246,783)
Payments to employees	(476,941)
	746,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(18,124)
	(18,124)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(176,952)
Principal paid on bonds	(44,000)
Principal paid on notes payable	(76,528)
Proceeds from issuance of note payable	176,952
Interest paid	(38,098)
	(158,626)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,340
	1,340
Net increase in cash and cash equivalents	571,222
Cash and cash equivalents:	
Beginning of year	368,410
End of year	\$ 939,632

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Major Enterprise Fund
	Water and Sewer Fund
Classified as:	
Cash and cash equivalents	\$ 657,891
Restricted assets, cash and cash equivalents	281,741
	\$ 939,632
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (106,870)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	666,567
Decrease in accounts receivable	84,999
Decrease in prepaid items	12,866
Increase in accounts payable	97,295
Decrease in compensated absences	(9,650)
Decrease in due to other funds	(9,862)
Increase in customer deposits payable	11,288
Net cash provided by operating activities	\$ 746,632
Noncash investing, capital, and financing activities:	
Georgia Environmental Finance Authority loan forgiveness	\$ 57,192
Contributions of capital assets from other funds	82,135
Total noncash investing, capital and financing activities	\$ 139,327

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

JONES COUNTY, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2017**

ASSETS	Agency Funds
Cash	\$ 482,826
Taxes receivable	115,953
Total assets	<u>\$ 598,779</u>
 LIABILITIES	
Due to others	<u>\$ 598,779</u>

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

JONES COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

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 (O.C.G.A.) 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

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

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 2015 SPLOST Fund** is used to account for the financial resources provided from the 2015 one percent Special Purpose Local Option Sales Tax.

NOTES TO FINANCIAL STATEMENTS

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 fund:

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.

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

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 the 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 the discretely presented component unit 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

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

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 relating 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 and the governmental funds balance sheet 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 relating 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, which arises only under a modified accrual basis of accounting. 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

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

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 \$10,519,486 difference are as follows:

Capital leases payable	\$ (283,148)
Notes payable	(3,441,095)
Bonds payable	(2,265,000)
Deferred amount on refinancing	32,929
Landfill post-closure costs	(198,000)
Compensated absences	(552,975)
Net pension liability	<u>(3,812,197)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u><u>\$ (10,519,486)</u></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 \$23,398 difference are as follows:

Capital outlay	\$ 1,762,350
Depreciation expense	<u>(1,785,748)</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	 <u><u>\$ (23,398)</u></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 \$795,605 difference are as follows:

Principal repayments:	
Capital leases	\$ 180,734
Notes payable	416,164
Revenue bonds	180,000
Landfill post-closure costs	22,000
Amortization of deferred loss	<u>(3,293)</u>
Net adjustment to increase net changes in <i>fund balances - total governmental funds</i> to arrive at changes in <i>net position - governmental activities</i>	<u>\$ 795,605</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 \$186,389 difference are as follows:

Compensated absences	\$ 2,113
Net pension liability	(257,008)
Deferred outflows of resources	114,135
Deferred inflows of resources	<u>(45,629)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (186,389)</u>

NOTES TO FINANCIAL STATEMENTS

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 deficit fund balances of \$19,900 at August 31, 2017. The County plans to eliminate these deficits through transfers from the General Fund.

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, 2017, the County's only investments were certificates of deposit.

At August 31, 2017, the County had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	11 months	\$ 762,109
Certificate of deposit	6 months	34,517
		\$ 796,626

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, 2017, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

Fair Value Measurements. The County categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County's only investments as of August 31, 2017, are certificate of deposits, which are not subject to level disclosure.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at August 31, 2017, consist of the following:

	<u>General</u>	<u>Water and Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 222,942	\$ -	\$ 96	\$ 223,038
Interest	-	-	91	91
Accounts	33,597	362,206	127,682	523,485
Gross receivables	<u>256,539</u>	<u>362,206</u>	<u>127,869</u>	<u>746,614</u>
Less allowance	-	(114,844)	-	(114,844)
Net receivables	<u><u>\$ 256,539</u></u>	<u><u>\$ 247,362</u></u>	<u><u>\$ 127,869</u></u>	<u><u>\$ 631,770</u></u>

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:

	<u>Real/Personal Property</u>	<u>Motor Vehicles</u>
Assessment date	January 1, 2016	January 1, 2016
Levy date	September 29, 2016	January 1, 2016
Due date and collection date	December 1, 2016	Staggered
Tax execution date/lien date	March 1, 2017	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 2016 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, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,365,090	\$ -	\$ -	\$ -	\$ 4,365,090
Intangibles	42,640	-	-	-	42,640
Construction in progress	4,219,114	973,545	-	(169,055)	5,023,604
Total	<u>8,626,844</u>	<u>973,545</u>	<u>-</u>	<u>(169,055)</u>	<u>9,431,334</u>
Capital assets, being depreciated:					
Land improvements	4,576,823	20,250	-	-	4,597,073
Buildings and improvements	15,631,305	107,708	-	86,920	15,825,933
Machinery and equipment	13,171,708	660,847	(46,666)	-	13,785,889
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	53,983,097	-	-	-	53,983,097
Total	<u>87,422,528</u>	<u>788,805</u>	<u>(46,666)</u>	<u>86,920</u>	<u>88,251,587</u>
Less accumulated depreciation for:					
Land improvements	1,337,668	175,405	-	-	1,513,073
Buildings and improvements	7,212,042	421,210	-	-	7,633,252
Machinery and equipment	11,455,217	698,108	(46,666)	-	12,106,659
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	47,023,308	491,025	-	-	47,514,333
Total	<u>67,087,830</u>	<u>1,785,748</u>	<u>(46,666)</u>	<u>-</u>	<u>68,826,912</u>
Total capital assets, being depreciated, net	<u>20,334,698</u>	<u>(996,943)</u>	<u>-</u>	<u>86,920</u>	<u>19,424,675</u>
Governmental activities capital assets, net	<u>\$ 28,961,542</u>	<u>\$ (23,398)</u>	<u>\$ -</u>	<u>\$ (82,135)</u>	<u>\$ 28,856,009</u>

The above schedule includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2017. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2017.

Construction in progress in the amount of \$82,135 was completed by the Governmental activities during the year ended August 31, 2017 and transferred to the Business-type activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 88,167	\$ -	\$ -	\$ -	\$ 88,167
Construction in progress	83,051	176,952	-	(154,917)	105,086
Total	<u>171,218</u>	<u>176,952</u>	<u>-</u>	<u>(154,917)</u>	<u>193,253</u>
Capital assets, being depreciated:					
Buildings	232,699	-	-	-	232,699
Water system	18,013,083	-	-	82,135	18,095,218
Water storage tanks	3,934,738	-	-	-	3,934,738
River North sewer system	2,159,960	-	-	-	2,159,960
Pumping stations	333,125	-	-	-	333,125
Machinery and equipment	991,380	-	-	154,917	1,146,297
Total	<u>25,664,985</u>	<u>-</u>	<u>-</u>	<u>237,052</u>	<u>25,902,037</u>
Less accumulated depreciation for:					
Buildings	75,698	5,602	-	-	81,300
Water system	6,184,599	434,851	-	-	6,619,450
Water storage tanks	3,181,182	135,408	-	-	3,316,590
River North sewer system	1,472,798	43,199	-	-	1,515,997
Pumping stations	323,081	7,500	-	-	330,581
Machinery and equipment	786,853	40,007	-	-	826,860
Total	<u>12,024,211</u>	<u>666,567</u>	<u>-</u>	<u>-</u>	<u>12,690,778</u>
Total capital assets, being depreciated, net	<u>13,640,774</u>	<u>(666,567)</u>	<u>-</u>	<u>237,052</u>	<u>13,211,259</u>
Business-type activities capital assets, net	<u>\$ 13,811,992</u>	<u>\$ (489,615)</u>	<u>\$ -</u>	<u>\$ 82,135</u>	<u>\$ 13,404,512</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	\$	124,994
Public safety		784,773
Public works		627,821
Health and welfare		22,605
Culture and recreation		199,668
Housing and development		25,887
Total depreciation expense - governmental activities		<u>\$ 1,785,748</u>
Business-type activities:		
Water and sewer	\$	666,567
Total depreciation expense - business-type activities		<u>\$ 666,567</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, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 463,882	\$ -	\$ 180,734	\$ 283,148	\$ 211,878
Notes payable	3,857,259	-	416,164	3,441,095	217,618
Revenue bonds	2,445,000	-	180,000	2,265,000	190,000
Landfill post-closure	220,000	-	22,000	198,000	22,000
Compensated absences	555,088	159,360	161,473	552,975	442,380
Net pension liability	3,555,189	1,729,993	1,472,985	3,812,197	-
Totals	<u>\$ 11,096,418</u>	<u>\$ 1,889,353</u>	<u>\$ 2,433,356</u>	<u>\$ 10,552,415</u>	<u>\$ 1,083,876</u>
Business-type activities:					
Revenue bonds	\$ 210,000	\$ -	\$ 44,000	\$ 166,000	\$ 48,000
Notes payable	1,029,877	176,952	133,720	1,073,109	42,771
Compensated absences	39,465	10,949	20,599	29,815	23,852
Totals	<u>\$ 1,279,342</u>	<u>\$ 187,901</u>	<u>\$ 198,319</u>	<u>\$ 1,268,924</u>	<u>\$ 114,623</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, 2017. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

For governmental activities, compensated absences, net pension liability and landfill post-closure 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, 2017:

	Governmental Activities
Equipment	\$ 499,112
Less: Accumulated depreciation	(297,829)
	\$ 201,283

The County reported \$99,836 of depreciation expense for Governmental Activities on the above leased assets for the fiscal year ended of August 31, 2017.

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

	Governmental Activities
Fiscal Year Ending August 31,	
2018	\$ 216,245
2019	72,015
Total minimum lease payments	288,260
Less amount representing interest	(5,112)
Present value of future minimum lease payments	\$ 283,148

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, 2017, 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%.	\$ 58,000
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%.	108,000
	\$ 166,000

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>
2018	\$ 48,000	\$ 8,300
2019	50,000	5,900
2020	22,000	3,400
2021	22,000	2,300
2022	24,000	1,200
	\$ 166,000	\$ 21,100

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable. The County incurred debt of \$1,326,319 to the Georgia Environmental Finance Authority for rehabilitation of sewage pump stations in the River North collection system during the current and prior years. Payments are due in monthly installments of \$6,339 including interest at 1.4% through 2036. Payments will be made from a special tax district established for River North residents. Therefore, the debt is being shown in governmental activities. The outstanding balance at August 31, 2017, is \$1,060,407.

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 62,832	\$ 13,239
2019	62,505	13,566
2020	63,386	12,685
2021	64,279	11,792
2022	65,185	10,886
2023-2027	339,963	40,394
2028-2032	364,598	15,758
2033-2034	37,659	146
	<u>\$ 1,060,407</u>	<u>\$ 118,466</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, 2017 is \$2,380,688.

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 154,786	\$ 68,842
2019	159,462	64,166
2020	164,280	59,348
2021	169,243	54,385
2022	174,356	49,272
2023-2027	954,044	164,096
2028-2031	604,517	26,526
	<u>\$ 2,380,688</u>	<u>\$ 486,635</u>

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, 2017, is \$922,377.

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>
2018	\$ 42,771	\$ 27,086
2019	44,071	25,786
2020	45,412	24,445
2021	46,793	23,064
2022	48,216	21,641
2023-2027	263,993	85,292
2028-2032	306,659	42,626
2033-2034	124,462	3,609
	<u>\$ 922,377</u>	<u>\$ 253,549</u>

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements during current and prior years. The construction line of credit agreement for \$1,450,000, of which \$150,732 has been drawn down as of August 31, 2017. Repayment will be determined when construction is complete and all draws have been made.

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements during the year ended August 31, 2017. The construction line of credit agreement for \$1,887,000. No amounts have been drawn down as of August 31, 2017. Repayment will be determined when construction is complete and all draws have been made.

Landfill Post-closure 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, 2017, the County has approximately 10 years of monitoring remaining. The liability for the landfill post-closure care costs is estimated to be \$198,000 as of August 31, 2017. These estimated costs are based on what it would cost to perform all post-closure care in 2017. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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. The principal amount outstanding at August 31, 2017, was \$2,265,000. Total interest costs incurred during the year ended August 31, 2017, were \$88,348.

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

<u>Fiscal Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 190,000	\$ 81,375
2019	195,000	74,156
2020	205,000	66,656
2021	210,000	58,875
2022	220,000	50,813
2023-2027	1,245,000	120,281
	<u>\$ 2,265,000</u>	<u>\$ 452,156</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of August 31, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 20,873
General Fund	Nonmajor governmental funds	30,208
Nonmajor governmental funds	General Fund	90,462
		\$ 141,543

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	\$ 277,272
General Fund	Water and Sewer Fund	18,124
		\$ 295,396

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, 2017, the County paid \$33,096 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (O.C.G.A.) 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. O.C.G.A. 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

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 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, 2016, pension plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefits	62
Inactive plan member entitled to but not receiving benefits	111
Active plan members	<u>155</u>
	<u><u>328</u></u>

NOTES TO FINANCIAL STATEMENTS

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, 2017, the County's contribution rate was 14.02% of annual payroll. County contributions to the Plan were \$762,758 for the year ended August 31, 2017.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2016.

Actuarial Assumptions. The total pension liability in the January 1, 2016 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	7.25%, 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 Mortality Table.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study through December 31, 2014.

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 (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), 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, 2016, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return*
S&P 500	30 %	3.07 %
Barclay's Agg.	30	1.97
MSCI EAFE	15	0.86
Citi Non US WEBI	5	0.3
NARREIT Equity	5	0.52
Russell 2000	5	0.47
Russell 3000	5	0.51
S&P Mid Cap	5	0.58
	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 7.25%. 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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2016	\$ 11,966,896	\$ 8,411,707	\$ 3,555,189
Changes for the year:			
Service cost	324,543	-	324,543
Interest	897,517	-	897,517
Differences between expected and actual experience	(94,090)	-	(94,090)
Assumption changes	379,132	-	379,132
Contributions - employer	-	762,758	(762,758)
Net investment income	-	600,454	(600,454)
Benefit payments, including refunds of employee contributions	(433,900)	(418,217)	(15,683)
Administrative expenses	-	(31,398)	31,398
Other changes	-	(97,403)	97,403
Net changes	1,073,202	816,194	257,008
Balances at August 31, 2017	\$ 13,040,098	\$ 9,227,901	\$ 3,812,197

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year 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 7.25%, 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 (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
County's net pension liability	\$ 5,507,812	\$ 3,812,197	\$ 2,389,412

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, 2016 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, 2017, the County recognized pension expense of \$951,260. At August 31, 2017, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 140,853
Changes in actuarial assumptions	531,382	
Net difference between projected and actual earnings on pension plan investments	425,984	-
Total	<u>\$ 957,366</u>	<u>\$ 140,853</u>

NOTES TO FINANCIAL STATEMENTS

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:	
2018	\$ 274,274
2019	274,274
2020	256,419
2021	<u>11,546</u>
	<u>\$ 816,513</u>

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

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, 2017, the County has contractual commitments on uncompleted contracts of approximately \$255,875.

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. TAX ABATEMENT AGREEMENTS

During the year ended August 31, 2017, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of August 31, 2017, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>August 31, 2017</u>	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Total pension liability			
Service cost	\$ 324,543	\$ 299,633	\$ 277,218
Interest on total pension liability	897,517	819,635	768,751
Differences between expected and actual experience	(94,090)	(123,231)	-
Changes of assumptions	379,132	430,230	-
Benefit payments, including refunds of employee contributions	(433,900)	(387,837)	(367,516)
Net change in total pension liability	1,073,202	1,038,430	678,453
Total pension liability - beginning	11,966,896	10,928,466	10,250,013
Total pension liability - ending (a)	\$ 13,040,098	\$ 11,966,896	\$ 10,928,466
Plan fiduciary net position			
Contributions - employer	\$ 762,758	\$ 693,225	\$ 717,167
Net investment income	600,454	66,971	531,129
Benefit payments, including refunds of employee contributions	(418,217)	(373,819)	(354,232)
Administrative expenses	(31,398)	(26,946)	(25,266)
Other	(97,403)	(68,926)	(69,445)
Net change in fiduciary net position	816,194	290,505	799,353
Plan fiduciary net position - beginning	8,411,707	8,121,202	7,321,849
Plan fiduciary net position - ending (b)	\$ 9,227,901	\$ 8,411,707	\$ 8,121,202
County's net pension liability - ending (a) - (b)	\$ 3,812,197	\$ 3,555,189	\$ 2,807,264
Plan fiduciary net position as a percentage of total pension liability	70.77%	70.29%	74.31%
Covered-employee payroll	5,181,181	4,842,493	4,725,798
County's net pension liability as a percentage of covered-employee payroll	73.58%	73.42%	59.40%

Notes to the Schedule

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2017	2016	2015	2014
Actuarially determined contribution	\$ 606,990	\$ 560,714	\$ 615,875	\$ 610,102
Contributions in relation to the actuarially determined contribution	762,758	693,225	717,167	652,729
Contribution deficiency (excess)	\$ (155,768)	\$ (132,511)	\$ (101,292)	\$ (42,627)
 Covered-employee payroll	 5,440,240	 4,842,493	 4,725,798	 4,888,278
Contributions as a percentage of Covered-employee payroll	14.02%	14.32%	15.18%	13.35%

Notes to the Schedule

Valuation Date	January 1, 2016
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
 Assumed Rate of Return	
On Investments	7.25%
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.

NONMAJOR GOVERNMENTAL FUNDS

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)

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.

Capital Projects Funds

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

The **CDBG Grant Fund** – To account for proceeds and expenditures of the Community Development Block Grant received from the Georgia Department of Community Affairs.

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

The **Community HOME Investment Program (CHIP) Fund** – To account for proceeds and expenditures from funds received from the U.S. Department of Housing and Urban Development HOME Investment Partnership Program for providing safe, decent and affordable housing in Georgia.

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.

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2017

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
ASSETS			
Cash	\$ 48,522	\$ 5,269	\$ 5,090
Investments	-	-	34,517
Taxes receivable	-	-	-
Interest receivable	-	-	91
Accounts receivable	-	-	-
Due from other governments	-	1,108	-
Due from other funds	-	-	-
Prepaid items	-	-	-
	\$ 48,522	\$ 6,377	\$ 39,698
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Due to other funds	-	26,277	431
	-	26,277	431
Total liabilities	-	26,277	431
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Judicial	-	-	39,267
Public safety	48,522	-	-
Unassigned	-	(19,900)	-
	48,522	(19,900)	39,267
Total fund balances (deficit)	48,522	(19,900)	39,267
Total liabilities and fund balances	\$ 48,522	\$ 6,377	\$ 39,698

<u>Confiscation Fund</u>	<u>Enhanced 911 Fund</u>	<u>Juvenile Costs and Fees Fund</u>	<u>Development Authority of Jones County</u>	<u>Debt Service River North Tax District Debt Service</u>
\$ 28,470	\$ 841	\$ 13,343	\$ 228,321	\$ 47,874
-	-	-	-	-
-	-	-	-	96
-	-	-	-	-
-	127,682	-	-	-
-	-	-	-	-
-	90,462	-	-	-
-	4,516	-	-	-
<u>\$ 28,470</u>	<u>\$ 223,501</u>	<u>\$ 13,343</u>	<u>\$ 228,321</u>	<u>\$ 47,970</u>
\$ 92	\$ -	\$ -	\$ 5,209	\$ -
-	-	-	-	-
3,500	-	-	-	-
<u>3,592</u>	<u>-</u>	<u>-</u>	<u>5,209</u>	<u>-</u>
-	4,516	-	-	-
-	-	-	-	-
-	-	-	-	47,970
-	-	-	223,112	-
-	-	13,343	-	-
24,878	218,985	-	-	-
-	-	-	-	-
<u>24,878</u>	<u>223,501</u>	<u>13,343</u>	<u>223,112</u>	<u>47,970</u>
<u>\$ 28,470</u>	<u>\$ 223,501</u>	<u>\$ 13,343</u>	<u>\$ 228,321</u>	<u>\$ 47,970</u>

(Continued)

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2017

ASSETS	Capital Projects		
	Impact Fee Fund	CDBG Grant Fund	2006 TEA Grant Fund
Cash	\$ 238,785	\$ 100	\$ 100
Investments	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 238,785	\$ 100	\$ 100
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,113	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	1,113	-	-
FUND BALANCES			
Prepaid items	-	-	-
Restricted for:			
Capital projects	237,672	100	100
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	237,672	100	100
Total liabilities and fund balances	\$ 238,785	\$ 100	\$ 100

CHIP Grant Fund	Capital Projects 2009 SPLOST	Central Complex Hwy Expansion Fund	Totals
\$ 42,861	\$ 748,595	\$ 232,285	\$ 1,640,456
-	-	-	34,517
-	-	-	96
-	-	-	91
-	-	-	127,682
-	-	-	1,108
-	-	-	90,462
-	-	-	4,516
<u>\$ 42,861</u>	<u>\$ 748,595</u>	<u>\$ 232,285</u>	<u>\$ 1,898,928</u>
\$ 33,310	\$ 26,872	\$ 70,027	\$ 136,623
-	-	-	30,208
<u>33,310</u>	<u>26,872</u>	<u>70,027</u>	<u>166,831</u>
-	-	-	4,516
-	721,723	162,258	1,121,853
-	-	-	47,970
9,551	-	-	232,663
-	-	-	-
-	-	-	52,610
-	-	-	292,385
-	-	-	(19,900)
<u>9,551</u>	<u>721,723</u>	<u>162,258</u>	<u>1,732,097</u>
<u>\$ 42,861</u>	<u>\$ 748,595</u>	<u>\$ 232,285</u>	<u>\$ 1,898,928</u>

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
Revenues:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Intergovernmental	3,320	-	-
Fines and forfeitures	41,248	35,327	16,918
Charges for services	-	-	-
Impact fees	-	-	-
Investment income	87	6	275
Miscellaneous	-	-	-
Total revenues	44,655	35,333	17,193
Expenditures:			
Current:			
General	-	-	-
Judicial	-	-	14,366
Public safety	33,563	77,755	-
Culture and recreation	-	-	-
Intergovernmental	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Issuance costs	-	-	-
Total expenditures	33,563	77,755	14,366
Excess (deficiency) of revenues over (under) expenditures	11,092	(42,422)	2,827
Other financing sources:			
Transfers in	-	38,599	-
Total other financing sources	-	38,599	-
Net change in fund balances	11,092	(3,823)	2,827
Fund balances (deficit), beginning of year	37,430	(16,077)	36,440
Fund balances (deficit), end of year	\$ 48,522	\$ (19,900)	\$ 39,267

<u>Confiscation Fund</u>	<u>Enhanced 911 Fund</u>	<u>Juvenile Costs and Fees Fund</u>	<u>Development Authority of Jones County</u>	<u>Debt Service River North Tax District Debt Service</u>
\$ -	\$ -	\$ -	\$ -	\$ 54,176
-	-	-	-	-
-	-	-	412,604	-
97,630	-	-	-	-
-	472,867	-	-	-
-	-	-	-	-
81	105	8	382	-
1,340	-	90	-	-
<u>99,051</u>	<u>472,972</u>	<u>98</u>	<u>412,986</u>	<u>54,176</u>
-	-	-	91,405	-
-	-	1,465	-	-
137,816	692,352	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	180,000	265,912
-	-	-	89,473	15,284
-	-	-	-	1,460
<u>137,816</u>	<u>692,352</u>	<u>1,465</u>	<u>360,878</u>	<u>282,656</u>
<u>(38,765)</u>	<u>(219,380)</u>	<u>(1,367)</u>	<u>52,108</u>	<u>(228,480)</u>
-	219,379	-	-	-
-	219,379	-	-	-
(38,765)	(1)	(1,367)	52,108	(228,480)
<u>63,643</u>	<u>223,502</u>	<u>14,710</u>	<u>171,004</u>	<u>276,450</u>
<u>\$ 24,878</u>	<u>\$ 223,501</u>	<u>\$ 13,343</u>	<u>\$ 223,112</u>	<u>\$ 47,970</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, 2017

	Capital Projects		
	Impact Fee Fund	CDBG Grant Fund	2006 TEA Grant Fund
Revenues:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Impact fees	24,794	-	-
Investment income	610	-	-
Miscellaneous	-	-	-
Total revenues	25,404	-	-
Expenditures:			
Current:			
General	2,057	-	-
Judicial	93,472	-	-
Public safety	-	-	-
Capital outlay	-	-	16,334
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Issuance costs	-	-	-
Total expenditures	95,529	-	16,334
Excess (deficiency) of revenues over (under) expenditures	(70,125)	-	(16,334)
Other financing sources:			
Transfers in	-	-	19,294
Total other financing sources	-	-	19,294
Net change in fund balances	(70,125)	-	2,960
Fund balances (deficit), beginning of year	307,797	100	(2,860)
Fund balances (deficit), end of year	\$ 237,672	\$ 100	\$ 100

CHIP Grant Fund	Capital Projects 2009 SPLOST	Central Complex Hwy Expansion Fund	Totals
\$ -	\$ -	\$ -	\$ 54,176
75,861	-	-	491,785
-	-	-	191,123
-	-	-	472,867
-	-	-	24,794
-	1,583	229	3,366
-	-	-	1,430
<u>75,861</u>	<u>1,583</u>	<u>229</u>	<u>1,239,541</u>
-	-	-	93,462
-	-	-	109,303
-	-	-	941,486
66,310	140,359	447,360	670,363
-	-	-	445,912
-	-	-	104,757
-	-	-	1,460
<u>66,310</u>	<u>140,359</u>	<u>447,360</u>	<u>2,366,743</u>
<u>9,551</u>	<u>(138,776)</u>	<u>(447,131)</u>	<u>(1,127,202)</u>
-	-	-	277,272
-	-	-	277,272
9,551	(138,776)	(447,131)	(849,930)
-	860,499	609,389	2,582,027
<u>\$ 9,551</u>	<u>\$ 721,723</u>	<u>\$ 162,258</u>	<u>\$ 1,732,097</u>

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

<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	\$ 2,731,396	\$ 30,421	\$ 2,761,817
Recreation facilities and equipment	1,100,000	1,100,000	1,025,008	18,850	1,043,858
Public works capital projects	2,300,000	2,574,319	2,554,069	20,250	2,574,319
Sheriff's department capital improvements	1,125,000	1,125,000	934,846	-	934,846
Rehabilitation of government buildings, including animal control facility	100,000	110,630	119,484	47,660	167,144
Renovation of Old Clinton Tanyard	250,000	250,000	33,000	-	33,000
Library capital improvements	200,000	200,000	-	-	-
Emergency management facilities and equipment	1,312,000	1,781,147	1,757,969	23,178	1,781,147
Industrial park capital improvements	1,500,000	1,500,000	1,288,251	-	1,288,251
Lake Jonesco Golf Course capital improvements	425,000	425,000	422,565	-	422,565
City of Gray	2,688,000	2,688,000	2,556,925	-	2,556,925
Total	\$ 14,000,000	\$ 14,754,096	\$ 13,423,513	\$ 140,359	\$ 13,563,872

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

<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	\$ 1,300,000	\$ 1,300,000	\$ 98,252	\$ 411,278	\$ 509,530
Park and recreation capital projects	1,400,000	1,400,000	229,555	232,828	462,383
Public works capital projects	1,300,000	1,300,000	-	131,892	131,892
Sheriff's vehicles	1,280,000	1,280,000	213,333	212,850	426,183
Emergency management capital projects	1,000,000	1,000,000	-	-	-
Buildings, including tax office	300,000	300,000	8,912	455	9,367
Industrial park sewer	700,000	700,000	-	-	-
Community parks	100,000	100,000	82,250	-	82,250
Library capital improvements	275,000	275,000	-	-	-
Administrative, legal fees, and interest	25,000	25,000	-	187	187
Industrial park debt	1,600,000	1,600,000	11,970	269,463	281,433
Animal control facility	200,000	200,000	2,000	109,525	111,525
Highway 49 track	300,000	300,000	-	-	-
Lake Jonesco Golf Course	120,000	120,000	45,337	-	45,337
City of Gray	<u>2,100,000</u>	<u>2,100,000</u>	<u>402,355</u>	<u>332,380</u>	<u>734,735</u>
Total	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 1,093,964</u>	<u>\$ 1,700,858</u>	<u>\$ 2,794,822</u>

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AGENCY FUNDS

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

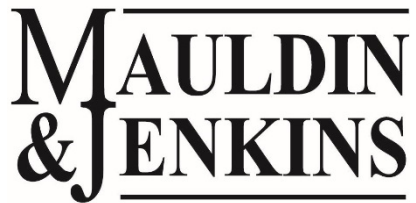
AGENCY FUNDS COMBINING BALANCE SHEET AUGUST 31, 2017

<u>ASSETS</u>	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>
Cash	\$ 335,086	\$ 62,713	\$ 16,026	\$ 7,384
Taxes receivable	115,953	-	-	-
Total assets	<u>\$ 451,039</u>	<u>\$ 62,713</u>	<u>\$ 16,026</u>	<u>\$ 7,384</u>
 <u>LIABILITIES</u>				
Due to others	<u>\$ 451,039</u>	<u>\$ 62,713</u>	<u>\$ 16,026</u>	<u>\$ 7,384</u>

<u>Sheriff</u>	<u>Juvenile Court</u>	<u>Total</u>
\$ 61,480	\$ 137	\$ 482,826
-	-	115,953
<u>\$ 61,480</u>	<u>\$ 137</u>	<u>\$ 598,779</u>
 <u>\$ 61,480</u>	 <u>\$ 137</u>	 <u>\$ 598,779</u>

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COMPLIANCE SECTION



**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**

**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, 2017, 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 27, 2018. 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.

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.

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

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

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*.

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 27, 2018

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

A single audit was not performed for the fiscal year ended August 31, 2017 due to the County not expending \$750,000 or more in federal funds.

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

JONES COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

None reported.

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