JONES COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2012

JONES COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Jones County, Georgia
Gray, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Jones County, Georgia (the "County")**, as of and for the year ended August 31, 2012, which collectively comprise Jones County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jones County Board of Health, which statements reflect total assets of $862,214 as of June 30, 2012, and total revenues of $479,822 for the year ended June 30, 2012, nor did we audit the financial statements of the Development Authority of Jones County, which statements reflect total assets of $2,977,919 as of August 31, 2012, and total revenues of $373,420 for the year ended August 31, 2012. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Jones County Board of Health and the Development Authority of Jones County in the component unit columns is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of the 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 units, each major fund, and the aggregate remaining fund information of Jones County, Georgia as of August 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress on page 59 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Jones County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
February 25, 2013

As management of Jones County, Georgia, we offer readers of Jones County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended August 31, 2012. 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 Jones County exceeded its liabilities at August 31, 2011, by $43,796,469 (net assets) and at August 31, 2012, by $43,274,683 (net assets). Of this amount, $4,458,796 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, which is a decrease in unrestricted net assets from the prior year of $5,418,783.

- At August 31, 2012, the County's total fund balances as summarized for all governmental fund types on page 19 of the financial statements were $7,327,300. At August 31, 2011, the County's total fund balances as summarized for all governmental funds were $8,371,955, a decrease of $1,044,655, or approximately 12%, from the 2011 fiscal year.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to Jones 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 Jones 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, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Jones County's decrease in its unrestricted net assets in 2011 and 2012 demonstrates deterioration in Jones 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 assets changed during the most recent fiscal year. All changes in net assets 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).

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

The business-type activities of the County include water and sewer, and the golf course. The government-wide financial statements include not only Jones County itself (known as the primary government), but also the Jones County Department of Public Health, and the Jones County Development Authority. 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 these component units 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. Jones 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: governmental funds, proprietary funds, and 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.

Jones County maintains governmental funds to account for the following activities: General; Special Revenue (Jail Improvement, Drug Education, Law Library, Confiscation, Enhanced 911, and Juvenile Costs and Fees); Capital Projects (2006 Transportation Enhancement Activities, 1999 SPLOST Capital Projects, 2004 SPLOST Capital Projects, 2009 SPLOST Capital Projects, and Impact Fee Fund); and Debt Service (River North Tax District Debt Service). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and 2009 SPLOST Capital Projects, both of which are 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. Jones 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.

Proprietary funds. Jones County uses enterprise funds, also known as the business-type functions, to account for the Jones County Water and Sewer Fund and Lake Jonesco Golf Course. The proprietary funds are reflected in the business-type activities of the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Jones 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 assets may serve over time as a useful indicator of a government's financial position. In the case of Jones County, assets exceed liabilities by $43,796,469 at the close of the 2011 fiscal year and by $43,274,683 at the close of the 2012 fiscal year, a decrease of $521,786. Of the $43,796,469, $32,956,617 resulted from governmental activities and $10,839,852 resulted from the County's business-type activities in 2011. In comparison, for fiscal year 2012, of the $43,274,683, $31,678,328 resulted from the County's governmental activities and $11,596,355 resulted from the County's business-type activities.

By far the largest portion of the County's net assets (81% in 2011 and 83% in 2012) 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.

Jones County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and other assets	$ 9,910,089	$ 8,553,761	$ 843,730	$ 762,448	$ 10,753,819	$ 9,316,209
Capital assets	25,087,442	24,890,275	11,114,759	12,451,487	36,202,201	37,341,762
Total assets	34,997,531	33,444,036	11,958,489	13,213,935	46,956,020	46,657,971
Other liabilities	1,385,561	1,063,807	171,369	272,968	1,556,930	1,336,775
Long-term liabilities outstanding	655,353	701,901	947,268	1,344,612	1,602,621	2,046,513
Total liabilities	2,040,914	1,765,708	1,118,637	1,617,580	3,159,551	3,383,288
Net assets: assets, net of related assets, net of related debt	25,082,395	24,888,930	10,192,467	11,108,434	35,274,862	35,997,364
Restricted	3,018,230	2,732,542	84,594	85,981	3,102,824	2,818,523
Unrestricted	4,855,992	4,056,856	562,791	401,940	5,418,783	4,458,796
Total net assets	$ 32,956,617	$ 31,678,328	$ 10,839,852	$ 11,596,355	$ 43,796,469	$ 43,274,683

An additional portion of Jones County's total net assets (7% in 2011 and 7% in 2012) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net assets ($5,418,783 in 2011 and $4,458,796 in 2012) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the County's net assets by $124,885 in 2011 and decreased by ($1,278,289) in 2012. Key elements of this decrease are as follows:

Jones County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues						
Program revenues:						
Charges for services	$ 2,704,632	$ 2,406,222	$ 2,013,568	$ 2,014,005	$ 4,718,200	$ 4,420,227
Operating grants and contributions	536,136	604,611	-	-	536,136	604,611
Capital grants and contributions	1,117,569	514,380	77,099	263,457	1,194,668	777,837
General revenues:						
Property taxes	10,538,819	10,049,224	-	-	10,538,819	10,049,224
Sales taxes	4,478,802	4,441,604	-	-	4,478,802	4,441,604
Other taxes	1,305,157	1,331,986	-	-	1,305,157	1,331,986
Unrestricted investment earnings	53,708	16,052	4,748	3,307	58,456	19,359
Total revenues	20,734,823	19,364,079	2,095,415	2,280,769	22,830,238	21,644,848
Expenses						
General government	4,405,701	4,185,479	-	-	4,405,701	4,185,479
Judicial	1,356,936	1,406,383	-	-	1,356,936	1,406,383
Public safety	6,377,402	6,693,577	-	-	6,377,402	6,693,577
Public works	6,679,512	5,600,351	-	-	6,679,512	5,600,351
Health and welfare	450,188	429,788	-	-	450,188	429,788
Culture and recreation	702,041	476,920	-	-	702,041	476,920
Housing and development	318,996	645,849	-	-	318,996	645,849
Interest on long-term debt	3,114	426	-	-	3,114	426
Water and sewer	-	-	2,073,432	2,299,534	2,073,432	2,299,534
Golf course	-	-	439,835	428,327	439,835	428,327
Total expenses	20,293,890	19,438,773	2,513,267	2,727,861	22,807,157	22,166,634
Change in net assets before transfers	440,933	(74,694)	(417,852)	(447,092)	23,081	(521,786)
Transfers	(316,048)	(1,203,595)	316,048	1,203,595	-	-
Change in net assets	124,885	(1,278,289)	(101,804)	756,503	23,081	(521,786)
Net assets, beginning	32,831,732	32,956,617	10,941,656	10,839,852	43,773,388	43,796,469
Net assets, ending	$ 32,956,617	$ 31,678,328	$ 10,839,852	$ 11,596,355	$ 43,796,469	$ 43,274,683

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Jones 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, unreserved 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 2012 fiscal year, the County's governmental funds reported combined ending fund balances of $7,327,300, a decrease of $1,044,655 in comparison with the prior year. Specifically, the restricted fund balance for debt service remained the same of $204; the fund balance nonspendable for inventory increased $14,918; nonspendable fund balance for prepaid items increased $174,911; unassigned general fund decreased $839,961; restricted fund balance for judicial and public safety decreased $10,096; and restricted fund balance in the capital project funds decreased $275,592. Approximately 46% of the combined fund balance constitutes unassigned fund balance ($3,347,964), which is available for spending at the government's discretion. The remainder of the 2012 fund balance ($3,979,336) is classified as nonspendable ($555,629), restricted ($2,732,542), and assigned ($691,165) 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 Jones County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,392,932, while total fund balance reached $4,619,408. The 2012 **unassigned** fund balance of the General Fund decreased $817,377 and the **nonspendable** fund balance increased $176,054. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22% of total General Fund expenditures, while total fund balance represents 29% of that same amount.

The fund balance of the County's, **total** General Fund decreased by ($750,158) during the current fiscal year. The actual County's revenues collected in 2012 were more than the final amended budget by $8,002. The County's expenditures were more than the final amended budget by ($758,593). With the other financing sources and uses ($718,810), the net result is the decrease of ($750,158).

The 1999 SPLOST Capital Projects fund accounts for the financial resources provided from the 1999 General Obligation Sales Tax Bonds and the 1999 one percent Special Purpose Local Option Sales Tax. These resources must be used for improvements to parks and recreation facilities, recycling facilities, the civic center, EMA equipment and facility, public works equipment and buildings, roads and bridges, patrol cars, and shared revenue of 21.7%, which was given to the City of Gray for water and sewer improvements. At the end of the 2012 fiscal year, the 1999 SPLOST Capital Projects fund had a restricted fund balance of zero.

The project length budget for the 2004 SPLOST is $12,500,000 and general obligation bonds were obtained July 2004, in the amount of $2,000,000. The financial resources must be used for funding the following capital outlay projects: EMA agency, public safety, and fire department facilities and improvements; improvements to the Highway 18 East recreational complex; satellite recreational facilities; capital outlay expenditures for the County recreation

department; facility and landscaping improvements at the Jones County Civic and Cultural Center; acquisition of land and improvements at the Jones County Government Center and the Jones County Courthouse; capital outlay expenditures at the Lake Jonesco Golf Course; water and sewer improvements for Jones County; water and sewer improvements for the City of Gray; construction of a municipal administrative building for the City of Gray; capitalized interest and cost with respect to the general obligation debt; road, street, and bridge purposes, including the purchase of road maintenance equipment for Jones County; road, street, and bridge purposes in the City of Gray. At the end of the 2012 fiscal year, the 2004 SPLOST Capital Projects Fund had a restricted fund balance of $234,628 and a nonspendable fund balance of $99.

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.

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

At the end of the current fiscal year, unrestricted net assets of the Water and Sewer Fund were $351,102, a decrease of $150,712, or 30% from 2011. Unrestricted net assets of the Golf Course Fund were $50,838, a decrease in 2012 of $10,139 resulting in combined total unrestricted assets of $401,940, a decrease of $160,851. The Water and Sewer Fund reflects restricted net assets of $17,616 for debt service, a decrease of $1,744. For the year ended August 31, 2011, the proprietary funds indicate total net assets of $10,839,852 and $11,596,355 for 2012. This is an increase in total net assets for the proprietary funds in the amount of $756,503.

Jones County
Enterprise Net Operating Income (Loss),
Nonoperating Revenues (Expenses) and Transfers

	2011	2012
Net operating income (loss):		
Water and Sewer Fund	$ (188,013)	$ (413,968)
Golf Course Fund	(268,207)	(259,419)
Total net operating income (loss)	(456,220)	(673,387)
Nonoperating revenues (expenses)	(38,731)	(37,162)
Income (loss) before transfers and contributions	(494,951)	(710,549)
Capital Contributions	100,455	1,272,052
Transfers in (out)	292,692	195,000
Change in net assets	$ (101,804)	$ 756,503

General Fund Budgetary Highlights

The major impact between the actual and the final amended budgets were the expenditures of intergovernmental projects that were paid in 2012 and grant revenues were not received which created a deficit in revenues by approximately $800,000. This in addition to shortfalls in property tax, sales/use tax revenue, and other anticipated revenues contributed toward the ($750,591) variance with the final budget. The actual net change in fund balance was a decrease of ($750,158). End of year actual fund balance is $4,619,408 in the General Fund, which will cover expenses for approximately three months.

Capital Asset and Debt Administration

Capital assets. Jones County's investment in capital assets for its governmental activities as of August 31, 2012, decreased $197,167 to $24,890,275 (net of accumulated depreciation). 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	
	2011	2012	2011	2012	2011	2012
Land	$ 1,074,699	$ 1,274,699	$ 211,047	$ 211,047	$ 1,285,746	$ 1,485,746
Land improvements	2,707,378	2,664,126	-	-	2,707,378	2,664,126
Buildings and improvements	8,232,785	8,946,665	293,795	307,869	8,526,580	9,254,534
Golf course improvements	-	-	202,752	188,749	202,752	188,749
Machinery and equipment	2,877,427	3,316,116	403,308	265,332	3,280,735	3,581,448
Furniture and fixtures	500	-	-	-	500	-
Water system	-	-	8,411,654	9,379,869	8,411,654	9,379,869
Water storage tanks	-	-	499,389	416,158	499,389	416,158
RN sewer system	-	-	950,382	907,183	950,382	907,183
Pumping station	-	-	142,432	130,459	142,432	130,459
Infrastructure	7,614,052	6,712,710	-	-	7,614,052	6,712,710
Construction in progress	2,580,601	1,975,959	-	644,821	2,580,601	2,620,780
Total	$ 25,087,442	$ 24,890,275	$ 11,114,759	$ 12,451,487	$ 36,202,201	$ 37,341,762

Major projects in 2012 included the following:

- HPP Sidewalks and Bike Trails (not completed)
- TE Grant Civic Center (completed)
- New TE Haddock Walkways (not completed)
- Golf Course Irrigation (not completed)
- CDBG Senior Center (completed)
- Liberty Park Walkways (completed)
- Health Department Storage Building (completed)
- HWY 18 Recreation Expansion (not completed)
- Creekside Plantation (completed)
- Road Infrastructure Improvement-Industrial Park (not completed)
- Public Works Shop (completed)
- Water System Improvements (not completed)
- Homer Roberts Road (not completed)
- Griswoldville Road (not completed)

Long-term debt. At the end of the current fiscal year, Jones County had total outstanding bonded debt of $370,000, which is secured solely by specified revenue services. The total long-term debt of the County, other than bonds is $1,712,513.

- 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.
- Jones County closed its landfill located on Overland Way in 1996. Federal and state laws require maintenance and monitoring of the landfill for period of (30) years. The County has (14) years of monitoring remaining. The costs of monitoring have been estimated based on what it would cost to perform all post closure care in 2012. However, the actual cost may be higher due to inflation, changes in technology, or changes in laws.

Jones County's Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Capital leases	$ 5,047	$ -	$ 3,702	$ 1,345	$ 1,345
Landfill postclosure	279,600	-	18,640	260,960	18,640
Compensated absences	328,014	278,171	221,619	384,566	307,653
Net pension obligation	42,692	12,338	-	55,030	-
	$ 655,353	$ 290,509	$ 243,961	$ 701,901	$ 327,638
Business-type activities:					
Revenue bonds	$ 404,000	$ -	$ 34,000	$ 370,000	$ 36,000
Notes payable	358,626	621,237	135,798	844,065	75,621
Capital leases	159,666	-	30,678	128,988	36,169
Compensated absences	24,976	22,145	9,562	37,559	22,408
Total	$ 947,268	$ 643,382	$ 210,038	$1,380,612	$ 170,198

Economic Factors and Next Year's Budgets

- The unemployment rate for Jones County is at 8.7% which is lower than the Middle Georgia rate of 9.2%, and the State of Georgia rate of 9.2%. (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: www.dol.state.ga.us).
- Jones County anticipates maintaining a steady amount of Local Option Sales Tax Revenues as it has in the past. Jones County, the City of Gray, and the City of Macon renegotiated its revenue sharing arrangements for LOST taxes and agreed to continue at the same percentage rates as it has previously shared. The County will retain 83.9%, City of Gray will receive 15.5% and the City of Macon (for the Shurlington area) will receive 0.6%. 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 decreased from $733,598,099 to $717,132,912, and the County has adopted a Freeport ordinance granting a 100% exemption to encourage and promote economic growth.
- The County's Net Maintenance and Operations (M&O) millage rate in the unincorporated area remained the same as in the previous year (13.31).

Requests for Information

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

JONES COUNTY, GEORGIA

STATEMENT OF NET ASSETS
AUGUST 31, 2012

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 6,927,937	$ 299,459	$ 7,227,396
Investments	33,658	-	33,658
Taxes receivable	640,120	-	640,120
Interest receivable	18	-	18
Accounts receivable, net of allowances	131,394	452,084	583,478
Note receivable, current portion	-	12,083	12,083
Due from other governments	62,943	-	62,943
Internal balances	202,062	(202,062)	-
Inventories	84,943	11,469	96,412
Prepaid items	470,686	34,453	505,139
Restricted assets, cash	-	125,064	125,064
Deferred charges, unamortized balance	-	29,898	29,898
Capital assets, non-depreciable - held for resale	-	-	-
Capital assets, non-depreciable	3,250,658	855,868	4,106,526
Capital assets, depreciable, net of accumulated depreciation	21,639,617	11,595,619	33,235,236
Total assets	33,444,036	13,213,935	46,657,971
LIABILITIES			
Accounts payable	625,592	91,054	716,646
Accrued liabilities	298,090	23,851	321,941
Unearned revenues	9,656	-	9,656
Due to other governments	41,720	-	41,720
Other current liabilities	88,749	-	88,749
Liabilities payable from restricted assets	-	158,063	158,063
Capital leases due within one year	1,345	36,169	37,514
Capital leases due in more than one year	-	92,819	92,819
Compensated absences due within one year	307,653	22,408	330,061
Compensated absences due in more than one year	76,913	15,151	92,064
Notes payable due within one year	-	75,621	75,621
Notes payable due in more than one year	-	768,444	768,444
Bonds payable due within one year	-	-	-
Bonds payable due in more than one year	-	334,000	334,000
Landfill postclosure costs due within one year	18,640	-	18,640
Landfill postclosure costs due in more than one year	242,320	-	242,320
Net pension obligation due in more than one year	55,030	-	55,030
Total liabilities	1,765,708	1,617,580	3,383,288

Component Units	
Jones County Board of Health	Development Authority of Jones County
$ 849,311	$ 141,707
-	-
-	-
-	-
3,922	-
-	-
3,528	-
-	-
-	-
-	-
-	-
-	12,281
-	2,817,511
-	-
5,453	6,420
862,214	2,977,919
900	2,161
-	-
-	-
-	-
-	-
-	-
-	-
-	-
2,867	-
25,807	-
-	-
-	-
-	155,000
-	2,895,606
-	-
-	-
-	-
29,574	3,052,767

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET ASSETS
AUGUST 31, 2012

NET ASSETS (DEFICIT)	Primary Government		
	Governmental Activities	Business-type Activities	Total
Invested in capital assets, net of related debt	$ 24,888,930	$ 11,108,434	$ 35,997,364
Restricted for:			
Debt service	204	17,616	17,820
Renewal and replacement	-	68,365	68,365
Capital projects	2,436,971	-	2,436,971
Judicial	59,933	-	59,933
Public safety	235,434	-	235,434
Health and welfare	-	-	-
Unrestricted	4,056,856	401,940	4,458,796
Total net assets (deficit)	$ 31,678,328	$ 11,596,355	$ 43,274,683

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

Component Units	
Jones County Board of Health	Development Authority of Jones County
$ 5,453	$ (226,675)
-	-
-	-
-	-
-	-
-	-
519,577	-
307,610	151,827
$ 832,640	$ (74,848)

JONES COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,185,479	$ 464,419	$ 21,241	$ -
Judicial	1,406,383	838,328	30,967	-
Public safety	6,693,577	951,761	150,160	6,345
Public works	5,600,351	63,076	352,579	7,489
Health and welfare	429,788	-	-	500,000
Culture and recreation	476,920	17,913	19,797	546
Housing and development	645,849	70,725	29,867	-
Interest on long-term debt	426	-	-	-
Total governmental activities	19,438,773	2,406,222	604,611	514,380
Business-type activities:				
Water and sewer	2,299,534	1,853,419	-	263,457
Golf course	428,327	160,586	-	-
Total business-type activities	2,727,861	2,014,005	-	263,457
Total primary government	$ 22,166,634	$ 4,420,227	$ 604,611	$ 777,837
Component units:				
Jones County Board of Health	$ 391,485	$ 213,345	$ 266,477	$ -
Development Authority of Jones County	230,460	-	372,625	-
Total component units	$ 621,945	$ 213,345	$ 639,102	$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Intangible taxes				
Alcoholic beverage taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets (deficit), beginning of year				
Net assets (deficit), end of year				

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

Net (Expenses) Revenues and Changes in Net Assets			Component Units	
Governmental Activities	Business-type Activities	Total	Jones County Board of Health	Development Authority of Jones County
$ (3,699,819)	$ -	$ (3,699,819)	$ -	$ -
(537,088)	-	(537,088)	-	-
(5,585,311)	-	(5,585,311)	-	-
(5,177,207)	-	(5,177,207)	-	-
70,212	-	70,212	-	-
(438,664)	-	(438,664)	-	-
(545,257)	-	(545,257)	-	-
(426)	-	(426)	-	-
(15,913,560)	-	(15,913,560)	-	-
-	(182,658)	(182,658)	-	-
-	(267,741)	(267,741)	-	-
-	(450,399)	(450,399)	-	-
(15,913,560)	(450,399)	(16,363,959)	-	-
-	-	-	88,337	-
-	-	-	-	142,165
-	-	-	88,337	142,165
10,049,224	-	10,049,224	-	-
4,441,604	-	4,441,604	-	-
1,042,612	-	1,042,612	-	-
92,245	-	92,245	-	-
97,615	-	97,615	-	-
99,514	-	99,514	-	-
16,052	3,307	19,359	-	177
-	-	-	-	618
(1,203,595)	1,203,595	-	-	-
14,635,271	1,206,902	15,842,173	-	795
(1,278,289)	756,503	(521,786)	88,337	142,960
32,956,617	10,839,852	43,796,469	744,303	(217,808)
$ 31,678,328	$ 11,596,355	$ 43,274,683	$ 832,640	$ (74,848)

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,389,698	$ 1,888,842	$ 649,397	$ 6,927,937
Investments	-	-	33,658	33,658
Taxes receivable	421,894	218,022	204	640,120
Interest receivable	-	-	18	18
Accounts receivable	44,127	-	87,267	131,394
Due from other governments	62,943	-	-	62,943
Due from other funds	89,230	243,904	19,828	352,962
Inventories	84,943	-	-	84,943
Prepaid items	450,368	-	20,318	470,686
Total assets	$ 5,543,203	$ 2,350,768	$ 810,690	$ 8,704,661
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 313,442	$ 255,414	$ 56,736	$ 625,592
Accrued liabilities	282,026	-	16,064	298,090
Deferred revenues	172,310	-	-	172,310
Due to other governments	-	41,720	-	41,720
Due to other funds	67,268	2,826	80,806	150,900
Other current liabilities	88,749	-	-	88,749
Total liabilities	923,795	299,960	153,606	1,377,361

(Continued)

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventories	$ 84,943	$ -	$ -	$ 84,943
Prepaid items	450,368	-	20,318	470,686
Restricted for:				
Capital projects	-	2,050,808	386,163	2,436,971
Debt service	-	-	204	204
Judicial	-	-	59,933	59,933
Public safety	-	-	235,434	235,434
Assigned for:				
Next year's budget	691,165	-	-	691,165
Unassigned	3,392,932	-	(44,968)	3,347,964
Total fund balances	4,619,408	2,050,808	657,084	7,327,300
Total liabilities and fund balances	$ 5,543,203	$ 2,350,768	$ 810,690	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				24,890,275
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				162,654
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(701,901)
Net assets of governmental activities				$ 31,678,328

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, 2012

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 13,397,482	$ 2,415,251	$ -	$ 15,812,733
Licenses and permits	181,850	-	-	181,850
Intergovernmental	585,187	39,009	504,480	1,128,676
Fines and forfeitures	478,358	-	186,101	664,459
Charges for services	1,007,392	-	479,544	1,486,936
Impact fees	-	-	32,400	32,400
Investment income	15,436	3,009	1,162	19,607
Miscellaneous	25,582	-	1,755	27,337
Total revenues	15,691,287	2,457,269	1,205,442	19,353,998
Expenditures				
Current:				
General government	3,534,429	-	-	3,534,429
Judicial	1,320,498	-	26,452	1,346,950
Public safety	5,029,527	-	798,327	5,827,854
Public works	4,464,989	-	-	4,464,989
Health and welfare	420,942	-	-	420,942
Culture and recreation	629,449	-	-	629,449
Housing and development	318,673	-	-	318,673
Intergovernmental	-	463,728	-	463,728
Capital outlay	-	2,130,785	1,077,943	3,208,728
Debt service:				
Principal	3,702	-	-	3,702
Interest and fiscal charges	426	-	-	426
Total expenditures	15,722,635	2,594,513	1,902,722	20,219,870
Deficiency of revenues under expenditures	(31,348)	(137,244)	(697,280)	(865,872)

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Proceeds from sale of assets	$ 16,217	$ -	$ -	$ 16,217
Transfers in	-	-	540,031	540,031
Transfers out	(735,027)	-	(4)	(735,031)
Total other financing sources (uses)	(718,810)	-	540,027	(178,783)
Net change in fund balances	(750,158)	(137,244)	(157,253)	(1,044,655)
Fund balance, beginning of year	5,369,566	2,188,052	814,337	8,371,955
Fund balance, end of year	$ 4,619,408	$ 2,050,808	$ 657,084	$ 7,327,300

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, 2012

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

Net change in fund balances - total governmental funds	$	(1,044,655)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		827,056
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(1,024,223)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		10,081
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		22,342
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.		(68,890)
	$	(1,278,289)

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 10,178,108	$ 10,039,135	$ 10,039,143	$ 8
Sales taxes	2,110,331	2,026,352	2,026,353	1
Other taxes	1,323,732	1,331,983	1,331,986	3
Licenses and permits	191,675	181,849	181,850	1
Intergovernmental	1,429,486	585,184	585,187	3
Fines and forfeitures	450,000	478,357	478,358	1
Charges for services	1,217,070	999,409	1,007,392	7,983
Investment income	50,000	15,436	15,436	-
Miscellaneous	24,200	25,580	25,582	2
Total revenues	16,974,602	15,683,285	15,691,287	8,002
Expenditures:				
Current:				
General government:				
Governing body	123,738	118,673	133,445	(14,772)
Chief executive	538,923	540,048	540,067	(19)
Elections	145,468	141,967	141,977	(10)
Law	170,950	188,748	188,750	(2)
Data processing	83,143	76,687	76,696	(9)
Tax commissioner	377,950	351,947	351,956	(9)
Tax assessor	336,845	298,819	298,831	(12)
Board of equalization	19,785	16,289	16,291	(2)
Risk management	202,300	197,104	197,108	(4)
Buildings and plant	511,195	491,347	491,367	(20)
Records management	1,064	264	264	-
General administration	1,736,478	352,633	1,097,677	(745,044)
Total general government	4,247,839	2,774,526	3,534,429	(759,903)
Judicial:				
Superior court	529,619	503,108	502,630	478
District attorney	148,662	135,659	135,662	(3)
Magistrate court	168,421	168,463	168,468	(5)
Probate court	259,613	255,218	255,226	(8)
Traffic court	27,872	26,700	26,701	(1)
Juvenile court	79,864	89,728	90,226	(498)
Operation early intervention	56,282	54,782	54,787	(5)
Grand jury	4,000	2,440	2,440	-
Public defender	92,126	84,358	84,358	-
Total judicial	1,366,459	1,320,456	1,320,498	(42)

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public safety:				
Law enforcement administration	$ 2,914,827	$ 2,913,071	$ 2,911,418	$ 1,653
Jail operations	1,525,638	1,485,643	1,485,656	(13)
Adult probation and parole	-	102	102	-
Fire	65,861	50,682	50,709	(27)
Ambulance	1,352	813	815	(2)
Coroner	91,514	91,784	91,787	(3)
Animal control	155,790	145,790	145,811	(21)
Emergency management	352,637	343,206	343,229	(23)
Total public safety	5,107,619	5,031,091	5,029,527	1,564
Public works:				
Administration	3,368,270	3,183,965	3,183,993	(28)
Sanitary administration	274,875	347,005	347,013	(8)
DNR code enforcement	47,119	49,164	49,170	(6)
Solid waste collection	181,000	209,988	209,989	(1)
Recycling	295,569	376,962	377,019	(57)
Landfill	50,750	46,659	46,661	(2)
Public education	33,662	30,610	30,617	(7)
Maintenance and shop	249,828	220,516	220,527	(11)
Total public works	4,501,073	4,464,869	4,464,989	(120)
Health and welfare:				
Public health	109,346	109,442	109,443	(1)
Welfare	50,000	50,000	50,000	-
Older American Council	47,314	40,985	40,990	(5)
5311 transportation	216,207	220,505	220,509	(4)
Total health and welfare	422,867	420,932	420,942	(10)
Culture and recreation:				
Recreation centers	531,940	491,649	491,705	(56)
Jonesco restoration	13,345	8,457	8,460	(3)
Libraries	125,851	129,279	129,284	(5)
Total culture and recreation	671,136	629,385	629,449	(64)

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Housing and development:				
Agricultural resources	$ 82,412	$ 79,133	$ 79,141	$ (8)
Planning and zoning	160,432	156,398	156,407	(9)
Economic development	83,125	83,125	83,125	-
Total housing and development	325,969	318,656	318,673	(17)
Debt service				
Principal	3,702	3,701	3,702	(1)
Interest and fiscal charges	427	426	426	-
Total debt service	4,129	4,127	4,128	(1)
Total expenditures	16,647,091	14,964,042	15,722,635	(758,593)
Excess (deficiency) of revenues over (under) expenditures	327,511	719,243	(31,348)	(750,591)
Other financing sources (uses):				
Proceeds from sale of assets	-	16,216	16,217	1
Transfers out	(1,127,511)	(735,026)	(735,027)	(1)
Total other financing sources (uses)	(1,127,511)	(718,810)	(718,810)	-
Net change in fund balance	(800,000)	433	(750,158)	(750,591)
Fund balance, beginning of year	5,369,566	5,369,566	5,369,566	-
Fund balance, end of year	$ 4,569,566	$ 5,369,999	$ 4,619,408	$ (750,591)

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

JONES COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2012

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
CURRENT ASSETS			
Cash	$ 291,384	$ 8,075	$ 299,459
Accounts receivable, net of allowances	452,084	-	452,084
Note receivable, current portion	12,083	-	12,083
Restricted assets, cash	125,064	-	125,064
Due from other funds	5,825	44,441	50,266
Inventories	-	11,469	11,469
Prepaid items	26,767	7,686	34,453
Total current assets	913,207	71,671	984,878
NONCURRENT ASSETS			
Deferred charges, unamortized balance	29,898	-	29,898
Capital assets			
Capital assets, non-depreciable	732,988	122,880	855,868
Capital assets, depreciable, net of accumulated depreciation	11,174,292	421,327	11,595,619
Total capital assets	11,907,280	544,207	12,451,487
Total noncurrent assets	11,937,178	544,207	12,481,385
Total assets	$ 12,850,385	$ 615,878	$ 13,466,263
LIABILITIES			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	$ 91,054	$ -	$ 91,054
Accrued liabilities	15,751	8,100	23,851
Capital lease payable, current portion	-	36,169	36,169
Compensated absences, current portion	19,861	2,547	22,408
Notes payable, current portion	75,621	-	75,621
Due to other funds	252,328	-	252,328
Total payable from current assets	454,615	46,816	501,431

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2012

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
Payable from restricted assets:			
Accrued interest payable	$ 3,314	$ -	$ 3,314
Revenue bonds payable, current portion	36,000	-	36,000
Customer deposits payable	118,749	-	118,749
Total payable from restricted assets	158,063	-	158,063
Total current liabilities	612,678	46,816	659,494
NONCURRENT LIABILITIES			
Revenue bonds payable, net of current portion	334,000	-	334,000
Capital lease payable, net of current portion	-	92,819	92,819
Compensated absences, net of current portion	4,965	10,186	15,151
Notes payable, net of current portion	768,444	-	768,444
Total noncurrent liabilities	1,107,409	103,005	1,210,414
Total liabilities	1,720,087	149,821	1,869,908
NET ASSETS			
Invested in capital assets, net of related debt	10,693,215	415,219	11,108,434
Restricted for:			
Debt service	17,616	-	17,616
Renewal and replacement	68,365	-	68,365
Unrestricted	351,102	50,838	401,940
Total net assets	$ 11,130,298	$ 466,057	$ 11,596,355

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

JONES COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

	Major Enterprise Fund	Nonmajor Enterprise Fund	
	Water and Sewer Fund	Golf Course Fund	Totals
Operating revenues:			
Charges for services:			
Water sales pledged as security for revenue bonds	$ 1,511,551	$ -	$ 1,511,551
Sewer sales	164,614	-	164,614
Connection fees	55,620	-	55,620
Golf course charges	-	160,586	160,586
Other operating income	121,634	-	121,634
Total operating revenues	1,853,419	160,586	2,014,005
Operating expenses:			
Salaries and benefits	541,001	238,552	779,553
Purchased/contracted services	500,061	17,930	517,991
Supplies and materials	706,790	101,758	808,548
Other	278	-	278
Amortization	723	-	723
Depreciation	518,534	61,765	580,299
Total operating expenses	2,267,387	420,005	2,687,392
Operating loss	(413,968)	(259,419)	(673,387)
Nonoperating revenues (expenses):			
Investment income	3,292	15	3,307
Interest expense	(32,147)	(8,322)	(40,469)
Total nonoperating expenses	(28,855)	(8,307)	(37,162)
Loss before contributions and transfers	(442,823)	(267,726)	(710,549)
Capital contributions	1,265,908	6,144	1,272,052
Transfers			
Transfers in	-	226,500	226,500
Transfers out	(31,500)	-	(31,500)
Total transfers	(31,500)	226,500	195,000
Change in net assets	791,585	(35,082)	756,503
Net assets, beginning of year	10,338,713	501,139	10,839,852
Net assets, end of year	$ 11,130,298	$ 466,057	$ 11,596,355

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, 2012

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,629,294	$ 160,586	$ 1,789,880
Payments to suppliers and service providers	(941,954)	(118,075)	(1,060,029)
Payments to employees	(531,341)	(230,451)	(761,792)
Net cash provided by (used in) operating activities	155,999	(187,940)	(31,941)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	226,500	226,500
Transfers out	(31,500)	-	(31,500)
Net cash provided by (used in) noncapital financing activities	(31,500)	226,500	195,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(644,975)	-	(644,975)
Principal paid on bonds	(34,000)	-	(34,000)
Principal paid on notes payable	(135,798)	-	(135,798)
Principal paid on capital leases	-	(30,678)	(30,678)
Debt issuance cost	(22,493)	-	(22,493)
Proceeds from issuance of note payable	621,237	-	621,237
Interest paid	(32,878)	(8,322)	(41,200)
Net cash used in capital and related financing activities	(248,907)	(39,000)	(287,907)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,292	15	3,307
Payments received on note receivable	23,414	-	23,414
Net cash provided by investing activities	26,706	15	26,721
Net decrease in cash and cash equivalents	(97,702)	(425)	(98,127)
Cash and cash equivalents:			
Beginning of year	514,150	8,500	522,650
End of year	$ 416,448	$ 8,075	$ 424,523

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
Classified as:			
Cash and cash equivalents	$ 291,384	$ 8,075	$ 299,459
Restricted assets, cash and cash equivalents	125,064	-	125,064
	$ 416,448	$ 8,075	$ 424,523
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$ (413,968)	$ (259,419)	$ (673,387)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	518,534	61,765	580,299
Amortization	723	-	723
Increase in accounts receivable	(241,079)	-	(241,079)
(Increase) decrease in due from other funds	(4,159)	13,724	9,565
Increase in inventories	-	(5,777)	(5,777)
Increase in prepaid items	(21,599)	(2,918)	(24,517)
Increase (decrease) in accounts payable	47,614	(3,416)	44,198
Increase in accrued liabilities	3,451	1,727	5,178
Increase in compensated absences	6,209	6,374	12,583
Increase in due to other funds	243,319	-	243,319
Increase in customer deposits payable	16,954	-	16,954
Net cash provided by (used in) operating activities	$ 155,999	$ (187,940)	$ (31,941)
Noncash investing, capital, and financing activities:			
Contributions of capital assets by developers	$ 263,457	$ -	$ 263,457
Purchases of capital assets by other funds	1,002,451	6,144	1,008,595
Total noncash investing, capital and financing activities	$ 1,265,908	$ 6,144	$ 1,272,052

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

JONES COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2012

	Agency Funds
ASSETS	
Cash	$ 641,579
Taxes receivable	317,466
Due from others	17,897
Total assets	$ 976,942
LIABILITIES	
Due to others	$ 976,942

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

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

Jones 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 accounting principles generally accepted in the United States of America, 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. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended by GASB Statement 39, the financial statements of the component units are discretely presented in the government-wide financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Jones County, Georgia

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

The purpose of the Development Authority is to promote and expand, for the public good and welfare, industry and trade within Jones County and to reduce unemployment to the greatest extent possible. 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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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.

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 government considers revenues to be available if they are collected within 60 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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 Jones 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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 *nonoperating* 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

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

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

E. Interfund Receivables and Payables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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. 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 assets."

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:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

- ***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.

- ***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 Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

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 Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 $701,901 difference are as follows:

Capital leases payable	$ (1,345)
Landfill postclosure costs	(260,960)
Compensated absences	(384,566)
Net pension obligation	(55,030)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (701,901)

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 assets of 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 $827,056 difference are as follows:

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)

Capital outlay	$ 3,582,546
Depreciation expense	(2,755,490)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$ 827,056

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The details of this $1,024,223 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	$ (21,772)
Tranfers of capital assets to other funds decrease net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	(1,002,451)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$ (1,024,223)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $22,342 difference are as follows:

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)

Principal repayments:		
Capital leases	$	3,702
Landfill postclosure costs		18,640
Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net assets - governmental activities*	$	22,342

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 $68,890 difference are as follows:

Compensated absences	$	(56,552)
Net pension obligation		(12,338)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(68,890)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of Jones 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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Budgetary Data (Continued). 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 Clerk 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.

Deficit Fund Equity. The 2006 TEA Grant Fund had a deficit fund balance of $25,938 at August 31, 2012. The Drug Education Fund had a deficit fund balance of $17,768 at August 31, 2012. The County plans to eliminate these deficits through transfers from the General Fund.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Excess Expenditures over Appropriations. For the year ended August 31, 2012, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Governing body	$ 14,772
General administration	745,044

These over expenditures were funded by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of August 31, 2012, the County's only investment was a certificate of deposit.

At August 31, 2012, the County had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	12 months	$ 33,658

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, 2012, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at August 31, 2012 consist of the following:

	General	SPLOST 2009 Fund	Water and Sewer	Nonmajor Funds	Total
Receivables:					
Taxes	$ 421,894	$ 218,022	$ -	$ 204	$ 640,120
Interest	-	-	-	18	18
Note	-	-	12,083	-	12,083
Accounts	44,127	-	503,568	87,267	634,962
Gross receivables	466,021	218,022	515,651	87,489	1,287,183
Less allowance	-	-	(51,484)	-	(51,484)
Net receivables	$ 466,021	$ 218,022	$ 464,167	$ 87,489	$1,235,699

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 Jones 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:

	Real/Personal Property	Motor Vehicles
Assessment date	January 1, 2011	January 1, 2011
Levy date	September 26, 2011	January 1, 2011
Due date and collection date	December 1, 2011	Staggered
Tax execution date/lien date	January 1, 2012	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 2011 has been recognized as revenue, since payment of these taxes was due during the current fiscal year.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended August 31, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,074,699	$ -	$ -	$ 200,000	$ 1,274,699
Construction in progress	2,580,601	1,344,536		(1,949,178)	1,975,959
Total	3,655,300	1,344,536	-	(1,749,178)	3,250,658
Capital assets, being depreciated:					
Land improvements	3,347,841	27,068	-	49,570	3,424,479
Buildings and improvements	13,541,422	510,463	-	553,261	14,605,146
Machinery and equipment	10,360,032	1,274,479	(72,165)	88,423	11,650,769
Furniture and fixtures	53,765	-	-	-	53,765
Infrastructure	51,040,466	426,000	-	-	51,466,466
Total	78,343,526	2,238,010	(72,165)	691,254	81,200,625
Less accumulated depreciation for:					
Land improvements	640,463	119,890	-	-	760,353
Buildings and improvements	5,308,637	349,844	-	-	5,658,481
Machinery and equipment	7,482,605	957,914	(50,393)	(55,473)	8,334,653
Furniture and fixtures	53,265	500	-	-	53,765
Infrastructure	43,426,414	1,327,342	-	-	44,753,756
Total	56,911,384	2,755,490	(50,393)	(55,473)	59,561,008
Total capital assets, being depreciated, net	21,432,142	(517,480)	(21,772)	746,727	21,639,617
Governmental activities capital assets, net	$ 25,087,442	$ 827,056	$ (21,772)	$ (1,002,451)	$ 24,890,275

Construction in progress in the amount of $1,002,451 was completed by the Governmental activities during the year ended August 31, 2012 and transferred to the Business-type activities. The Governmental activities also transferred three fully depreciated assets from machinery and equipment to the Business-type activities during the year ended August 31, 2012.

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 211,047	$ -	$ -	$ -	$ 211,047
Construction in progress	-	644,821	-	-	644,821
Total	211,047	644,821	-	-	855,868
Capital assets, being depreciated:					
Buildings	342,806	6,144	-	20,022	368,972
Water system	13,237,159	263,611	-	982,429	14,483,199
Water storage tanks	2,913,100	-	-	-	2,913,100
River North sewer system	2,159,960	-	-	-	2,159,960
Golf course improvements	296,840	-	-	-	296,840
Pumping stations	333,125	-	-	-	333,125
Machinery and equipment	1,310,784	-	(20,403)	55,473	1,345,854
Total	20,593,774	269,755	(20,403)	1,057,924	21,901,050
Less accumulated depreciation for:					
Buildings	49,011	12,092	-	-	61,103
Water system	4,825,505	277,825	-	-	5,103,330
Water storage tanks	2,413,711	83,231	-	-	2,496,942
River North sewer system	1,209,578	43,199	-	-	1,252,777
Golf course improvements	94,088	14,003	-	-	108,091
Pumping stations	190,693	11,973	-	-	202,666
Machinery and equipment	907,476	137,976	(20,403)	55,473	1,080,522
Total	9,690,062	580,299	(20,403)	55,473	10,305,431
Total capital assets, being depreciated, net	10,903,712	(310,544)	-	1,002,451	11,595,619
Business-type activities capital assets, net	$ 11,114,759	$ 334,277	$ -	$ 1,002,451	$ 12,451,487

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 100,060
Judicial	63,700
Public safety	836,831
Public works	1,604,306
Health and welfare	35,646
Culture and recreation	89,947
Housing and development	25,000
Total depreciation expense - governmental activites	$ 2,755,490
Business-type activities:	
Water and sewer	$ 518,534
Golf Course	61,765
Total depreciation expense - business-type activities	$ 580,299

Capital asset activity for the Development Authority for the fiscal year ended August 31, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,817,511	$ -	$ -	$ 2,817,511
Total	2,817,511	-	-	2,817,511
Capital assets, being depreciated:				
Furniture and fixtures	5,830	-	-	5,830
Equipment	12,806	-	-	12,806
Total	18,636	-	-	18,636
Less accumulated depreciation for:				
Furniture and fixtures	5,830	-	-	5,830
Equipment	5,500	886	-	6,386
Total	11,330	886	-	12,216
Total capital assets, being depreciated, net	7,306	(886)	-	6,420
Capital assets, net	$ 2,824,817	$ (886)	$ -	$ 2,823,931

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, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 5,047	$ -	$ 3,702	$ 1,345	$ 1,345
Landfill postclosure	279,600	-	18,640	260,960	18,640
Compensated absences	328,014	278,171	221,619	384,566	307,653
Net pension obligation	42,692	12,338	-	55,030	-
Totals	$ 655,353	$ 290,509	$ 243,961	$ 701,901	$ 327,638
Business-type activities:					
Revenue bonds	$ 404,000	$ -	$ 34,000	$ 370,000	$ 36,000
Notes payable	358,626	621,237	135,798	844,065	75,621
Capital leases	159,666	-	30,678	128,988	36,169
Compensated absences	24,976	22,145	9,562	37,559	22,408
Totals	$ 947,268	$ 643,382	$ 210,038	$ 1,380,612	$ 170,198

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

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, 2012:

	Governmental Activities	Business-type Activities
Equipment	$ 10,269	$ 181,508
Less: Accumulated depreciation	(5,477)	(72,603)
	$ 4,792	$ 108,905

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

	Governmental Activities	Business-type Activities
Fiscal Year Ending August 31,		
2013	$ 1,376	$ 42,600
2014	-	46,200
2015	-	51,700
Total minimum lease payments	1,376	140,500
Less amount representing interest	(31)	(11,512)
Present value of future minimum lease payments	$ 1,345	$ 128,988

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, 2012, 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%.	$ 180,000
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%.	190,000
	$ 370,000

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

Fiscal Year ending August 31,	Principal	Interest
2013	$ 36,000	$ 18,500
2014	40,000	16,700
2015	40,000	14,700
2016	44,000	12,700
2017	44,000	10,500
2018-2022	166,000	21,100
	$ 370,000	$ 94,200

Notes Payable. On February 3, 2003, the Water and Sewer Fund incurred debt to a local financial institution to refinance loans from the Georgia Environmental Finance Authority. This loan is due in quarterly installments of $32,846 including interest at 4.25% quarterly, through February 4, 2013. The amount outstanding at August 31, 2012, is $64,652. Additionally, during the year ended August 31, 2005, the County transferred a loan with a local financial institution from the general long-term debt account group to the Water and Sewer Fund. This loan is due in monthly installments of $1,424 including interest at 4.0% monthly, through March 7, 2024. The amount outstanding at August 31, 2012, is $158,176. Finally, the Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects during the year ended August 31, 2012. The construction line of credit agreement for $1,499,520 of which $621,237 had been drawn down, is in the draw down phase as of August 31, 2012. Repayment will be determined when construction is complete and all draws have been made.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). Debt service requirements to maturity on the water and sewer notes payable are as follows:

Fiscal Year ending August 31,	Principal	Interest
2013	$ 75,621	$ 7,161
2014	11,409	5,681
2015	11,874	5,216
2016	12,352	4,738
2017	12,866	4,224
2018-2022	72,605	12,845
2023-2024	26,101	877
	$ 222,828	$ 40,742

The above debt service requirements to maturity table does not include provision for the construction line of credit agreement for $1,499,520, of which $621,237 had been drawn as of August 31, 2012. This note payable is in the draw down phase as of August 31, 2012.

Landfill Postclosure Costs. Effective December 20, 1996, the Jones County-Cumslo Road landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, Jones County must perform certain maintenance and monitoring functions at the landfill site for a period of 30 years. As of August 31, 2012, the County has 14 years of monitoring remaining. The liability for the landfill postclosure care costs is estimated to be $260,960 as of August 31, 2012. These estimated costs are based on what it would cost to perform all postclosure care in 2012. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 8. LONG-TERM DEBT – DEVELOPMENT AUTHORITY

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

On January 1, 2012, the Development Authority issued $3,100,000 in Series 2012 Revenue Bonds to refinance the outstanding 2007 Series Revenue Bonds to achieve a debt service savings. The 2012 Series Revenue Bonds mature on January 1, 2027 and pay interest at 3.75% on January 1 and July 1 in each year. Interest payments begin July 1, 2012 and principal payments begin January 1, 2013. The principal amount outstanding at August 31, 2012 was $3,100,000. Total interest costs incurred during the year ended August 31, 2012 was $123,125.

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

Fiscal Year ending August 31,	Principal	Interest
2013	$ 155,000	$ 113,344
2014	160,000	107,438
2015	165,000	101,344
2016	175,000	94,969
2017	180,000	88,313
2018-2022	1,020,000	331,875
2023-2027	1,245,000	120,281
	$ 3,100,000	$ 957,564

Long-term debt liability activity for the fiscal year ended August 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds - 2007	$ 3,250,000	$ 3,100,000	$ (3,250,000)	$ 3,100,000	$ 155,000
Bond discount	(14,625)	-	14,625	-	-
Deferred refinancing loss	-	(52,687)	3,293	(49,394)	-
Totals	$ 3,235,375	$ 3,047,313	$ (3,232,082)	$ 3,050,606	$ 155,000

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of August 31, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 8,679
Nonmajor enterprise fund	General Fund	44,441
General Fund	Nonmajor governmental funds	80,551
Nonmajor governmental funds	General Fund	19,828
Water and Sewer Fund	General Fund	2,999
Water and Sewer Fund	SPLOST 2009 Fund	2,826
SPLOST 2009 Fund	Nonmajor governmental funds	255
SPLOST 2009 Fund	Water and Sewer Fund	243,649
		$ 403,228

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	Water and Sewer Fund	$ 31,500
Nonmajor governmental funds	General Fund	508,527
Nonmajor enterprise fund	General Fund	226,500
Nonmajor governmental funds	Nonmajor governmental funds	4
		$ 766,531

Transfers are used to (1) move revenues from the fund that 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 10. 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, 2012, the County paid $25,393 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Jones County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG 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. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2012, (the most recent actuarial valuation date) are as follows:

	January 1, 2012	January 1, 2011
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 586,610	$ 584,754
Interest on Net Pension Obligation	4,265	3,309
Amortization of Net Pension Obligation	(4,563)	(3,540)
Annual Pension Cost	$ 586,312	$ 584,523

Derivation of Net Pension Obligation	
Annual Pension Cost for Prior Year	$ 584,523
Actual Contributions to Plan for Prior Year	572,185
Increase in Net Pension Obligation	12,338
Net Pension Obligation as of Beginning of Prior Year	42,692
Net Pension Obligation as of Beginning of the Year	$ 55,030

Basis of Valuation	
Current Valuation Date	January 1, 2012
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.5%-7.0% based on age
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period	15

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Trend Information for The Plan

Plan Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/2012	$ 586,312	$ N/A	N/A	$ 55,030
1/1/2011	584,523	572,185	98%	42,692
1/1/2010	545,267	538,272	99%	35,697
1/1/2009	515,165	369,185	72%	(110,283)
1/1/2008	421,259	438,240	104%	(93,302)
1/1/2007	366,594	385,630	105%	(74,266)

As of the most recent valuation date, January 1, 2012, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2011	$ 5,360,288	$ 7,244,123	$ 1,883,835	74.0%	$ 4,897,694	38.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

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 January 1, 2012.

NOTE 12. 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.

NOTE 12. RISK MANAGEMENT (CONTINUED)

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.

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 13. 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, 2012, the County has contractual commitments on uncompleted contracts of approximately $486,656.

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.

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2011	$ 5,360,288	$ 7,244,123	$ 1,883,835	74.0%	$ 4,897,694	38.5%
12/31/2010	4,870,710	6,793,569	1,922,859	71.7%	4,916,265	39.1%
12/31/2009	4,332,863	6,017,052	1,684,189	72.0%	4,648,871	36.2%
12/31/2008	3,912,836	5,324,190	1,411,354	73.5%	4,007,745	35.2%
12/31/2007	3,722,078	4,704,906	982,828	79.1%	3,542,234	27.7%
12/31/2006	3,231,101	4,209,832	978,731	76.8%	3,278,991	29.8%

The assumptions used in the preparation of the above schedule are disclosed in Note 11 in the Notes to the Financial Statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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.

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

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.

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

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

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.

Debt Service Funds

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 Tax District Bond Issue.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Capital Projects Funds

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

Capital Projects 1999 SPLOST Fund – To account for the financial resources provided from the 1999 General Obligation Sales Tax Bonds and the 1999 one percent Special Purpose Local Option Sales Tax.

Capital Projects 2004 SPLOST Fund – To account for the financial resources provided from the 2004 General Obligation Sales Tax Bonds and the one percent Special Purpose Local Option Sales Tax.

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

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

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
ASSETS			
Cash	$ 56,301	$ 2,421	$ 6,934
Investments	-	-	33,658
Taxes receivable	-	-	-
Interest receivable	-	-	18
Accounts receivable	-	-	-
Due from other funds	-	82	-
Prepaid items	-	1,262	-
Total assets	$ 56,301	$ 3,765	$ 40,610
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	1,563	431
Due to other funds	-	19,970	2
Total liabilities	-	21,533	433
FUND BALANCES			
Nonspendable:			
Prepaid items	-	1,262	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Judicial	-	-	40,177
Public safety	56,301	-	-
Unassigned	-	(19,030)	-
Total fund balances (deficit)	56,301	(17,768)	40,177
Total liabilities and fund balances	$ 56,301	$ 3,765	$ 40,610

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Debt Service River North Tax District Debt Service
$ 36,788	$ 129,455	$ 19,756	$ -
-	-	-	-
-	-	-	204
-	-	-	-
-	87,267	-	-
-	-	-	-
-	18,957	-	-
$ 36,788	$ 235,679	$ 19,756	$ 204
$ -	$ 56	$ -	$ -
-	14,070	-	-
-	60,251	-	-
-	74,377	-	-
-	18,957	-	-
-	-	-	-
-	-	-	204
-	-	19,756	-
36,788	142,345	-	-
-	-	-	-
36,788	161,302	19,756	204
$ 36,788	$ 235,679	$ 19,756	$ 204

(Continued)

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

		Capital Projects	
	Impact Fee Fund	Capital Projects 1999 SPLOST Fund	Capital Projects 2004 SPLOST Fund
ASSETS			
Cash	$ 151,535	$ -	$ 245,072
Investments	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	99
Total assets	$ 151,535	$ -	$ 245,171
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ 9,861
Accrued liabilities	-	-	-
Due to other funds	-	-	583
Total liabilities	-	-	10,444
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	99
Restricted for:			
Capital projects	151,535	-	234,628
Debt service	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	151,535	-	234,727
Total liabilities and fund balances	$ 151,535	$ -	$ 245,171

2006 TEA Grant Fund	CDBG Senior Center Grant Fund	Totals
$ 1,135	$ -	$ 649,397
-	-	33,658
-	-	204
-	-	18
-	-	87,267
19,746	-	19,828
-	-	20,318
$ 20,881	$ -	$ 810,690
$ 46,819	$ -	$ 56,736
-	-	16,064
-	-	80,806
46,819	-	153,606
-	-	20,318
-	-	386,163
-	-	204
-	-	59,933
-	-	235,434
(25,938)	-	(44,968)
(25,938)	-	657,084
$ 20,881	$ -	$ 810,690

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
Revenues:			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	49,272	19,912	21,865
Charges for services	-	-	-
Impact fees	-	-	-
Investment income	80	5	160
Miscellaneous	-	-	-
Total revenues	49,352	19,917	22,025
Expenditures:			
Current:			
Judicial	-	-	25,678
Public safety	41,195	67,215	-
Capital outlay	-	-	-
Total expenditures	41,195	67,215	25,678
Excess (deficiency) of revenues over (under) expenditures	8,157	(47,298)	(3,653)
Other financing sources (uses):			
Transfers in	-	26,859	-
Transfers out	-	-	-
Total other financing sources (uses)	-	26,859	-
Net change in fund balances	8,157	(20,439)	(3,653)
Fund balances (deficit), beginning of year	48,144	2,671	43,830
Fund balances (deficit), end of year	$ 56,301	$ (17,768)	$ 40,177

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Debt Service River North Tax District Debt Service
$ -	$ -	$ -	$ -
95,052	-	-	-
-	479,544	-	-
-	-	-	-
29	115	20	-
-	-	1,755	-
95,081	479,659	1,775	-
-	-	774	-
95,520	594,397	-	-
-	-	-	-
95,520	594,397	774	-
(439)	(114,738)	1,001	-
-	114,730	-	-
-	-	-	-
-	114,730	-	-
(439)	(8)	1,001	-
37,227	161,310	18,755	204
$ 36,788	$ 161,302	$ 19,756	$ 204

(Continued)

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

		Capital Projects	
	Impact Fee Fund	Capital Projects 1999 SPLOST Fund	Capital Projects 2004 SPLOST Fund
Revenues:			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Impact fees	32,400	-	-
Investment income	207	95	451
Miscellaneous	-	-	-
Total revenues	32,607	95	451
Expenditures:			
Current:			
Judicial	-	-	-
Public safety	-	-	-
Capital outlay	-	97,467	105,504
Debt service:			
Total expenditures	-	97,467	105,504
Excess (deficiency) of revenues over (under) expenditures	32,607	(97,372)	(105,053)
Other financing sources (uses):			
Transfers in	-	-	31,504
Transfers out	-	(4)	-
Total other financing sources (uses)		(4)	31,504
Net change in fund balances	32,607	(97,376)	(73,549)
Fund balances (deficit), beginning of year	118,928	97,376	308,276
Fund balances (deficit), end of year	$ 151,535	$ -	$ 234,727

2006 TEA Grant Fund	CDBG Senior Center Grant Fund	Totals
$ 4,480	$ 500,000	$ 504,480
-	-	186,101
-	-	479,544
-	-	32,400
-	-	1,162
-	-	1,755
4,480	500,000	1,205,442
-	-	26,452
-	-	798,327
374,972	500,000	1,077,943
374,972	500,000	1,902,722
(370,492)	-	(697,280)
366,938	-	540,031
-	-	(4)
366,938	-	540,027
(3,554)	-	(157,253)
(22,384)	-	814,337
$ (25,938)	$ -	$ 657,084

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1999 ISSUE
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Recreation facilities and equipment	$ 1,473,755	$ 1,473,755	$ 2,265,141	$ 97,467	$ 2,362,608
Fire department and emergency management facilities and improvements	3,406,467	3,406,467	3,145,356	-	3,145,356
Sheriff's department capital improvements	710,700	710,700	647,054	-	647,054
Public works capital projects	645,000	645,000	654,844	-	654,844
Administrative and Head Start facilities and improvements	341,136	341,136	282,771	-	282,771
Solid waste facilities and equipment	136,455	136,455	112,374	-	112,374
Civic center renovation	403,678	403,678	480,553	-	480,553
City of Gray	2,061,500	2,061,500	2,048,763	-	2,048,763
Interest	281,309	281,309	238,612	-	238,612
Administrative costs	40,000	40,000	36,324	-	36,324
Total	$ 9,500,000	$ 9,500,000	$ 9,911,792	$ 97,467	$ 10,009,259

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Fire station and emergency management capital improvements	$ 450,000	$ 450,000	$ 1,015,623	$ -	$ 1,015,623
Sheriff's department capital improvements	670,000	670,000	723,854	-	723,854
Recreation facilities and equipment	705,000	705,000	189,860	94,627	284,487
Government center, courthouse, and civic center renovation	800,000	800,000	1,545,585	10,877	1,556,462
Lake Jonesco Golf Course capital improvements	200,000	200,000	208,284	-	208,284
Economic development land acquisition and improvements	500,000	500,000	500,000	-	500,000
Water and sewer improvements for Jones County	3,738,000	3,738,000	3,815,489	-	3,815,489
City of Gray	1,837,000	1,837,000	2,029,779	-	2,029,779
Roads, streets, bridges, and road maintenance equipment	2,000,000	2,000,000	1,934,965	-	1,934,965
Roads, streets and bridges for the City of Gray	350,000	350,000	-	-	-
Interest	183,650	183,650	194,458	-	194,458
Administrative costs	100,000	100,000	27,535	-	27,535
Contingency	966,350	966,350	-	-	-
Total	$ 12,500,000	$ 12,500,000	$ 12,185,432	$ 105,504	$ 12,290,936

Note: An adjustment was made to the prior year balance to properly state beginning project amount.

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Water and sewer improvements for Jones County	$ 3,000,000	$ 3,000,000	$ 1,021,559	$ 364,820	$ 1,386,379
Recreation facilities and equipment	1,100,000	1,100,000	-	39,012	39,012
Public works capital projects	2,300,000	2,300,000	742,023	454,723	1,196,746
Sheriff's department capital improvements	1,125,000	1,125,000	187,022	187,333	374,355
Rehabilitation of government buildings, including animal control facility	100,000	100,000	-	74,596	74,596
Renovation of Old Clinton Tanyard	250,000	250,000	-	-	-
Library capital improvements	200,000	200,000	-	-	-
Emergency management facilities and equipment	1,312,000	1,312,000	580,538	320,061	900,599
Industrial park capital improvements	1,500,000	1,500,000	130,924	302,160	433,084
Lake Jonesco Golf Course capital improvements	425,000	425,000	-	349,071	349,071
City of Gray	2,688,000	2,688,000	998,521	463,728	1,462,249
Total	$ 14,000,000	$ 14,000,000	$ 3,660,587	$ 2,555,504	$ 6,216,091
	Intergovernmental revenue			39,009	
	Total 2009 SPLOST Fund expenditures			$ 2,594,513	

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, 2012

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court
Cash	$ 82,167	$ 215,480	$ 16,099	$ 9,078
Taxes receivable	317,466	-	-	-
Due from others	-	17,897	-	-
Total assets	$ 399,633	$ 233,377	$ 16,099	$ 9,078
LIABILITIES				
Due to others	$ 399,633	$ 233,377	$ 16,099	$ 9,078

Sheriff	Juvenile Court	Total
$ 318,039	$ 716	$ 641,579
-	-	317,466
-	-	17,897
$ 318,039	$ 716	$ 976,942
$ 318,039	$ 716	$ 976,942

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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*

To the Board of Commissioners
of Jones County, Georgia
Gray, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, Georgia as of and for the year ended August 31, 2012, which collectively comprise Jones County, Georgia's basic financial statements and have issued our report thereon dated February 25, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of the Jones County Board of Health and the Development Authority of Jones County, as described in our report on Jones County, Georgia'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

Management of Jones County, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jones County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jones County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jones County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jones County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Jones County, Georgia in a separate letter dated February 25, 2013.

Jones County, Georgia's responses to the audit findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jones County, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Board of Commissioners of Jones County, Georgia, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
February 25, 2013

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
of Jones County, Georgia
Gray, Georgia

Compliance

We have audited Jones County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jones County, Georgia's major federal programs for the year ended August 31, 2012. Jones County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jones County, Georgia's management. Our responsibility is to express an opinion on Jones County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jones County, Georgia's compliance with those requirements.

In our opinion, Jones County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of management and the Board of Commissioners of Jones County, Georgia and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
February 25, 2013

Mauldin & Jenkins, LLC

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Labor			
Passed through Middle Georgia Regional Commission			
Senior Community Service Employment Program	17.235	FY2012	$ 100,455
Total U.S. Department of Labor			100,455
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs			
State Administered CDBG Cluster			
Community Development Block Grant	14.228	10p-y-084-1-5261	500,000
Total U.S. Department of Housing and Urban Development			500,000
U.S. Department of Justice			
Direct Awards			
Bulletproof Vest Partnership Program	16.607	1121-0235	6,345
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0362	10,000
Passed through Council of Juvenile Court Judges			
Purchase of Services for Juvenile Offenders Program	16.523	JB-09ST-004	2,826
Total U.S. Department of Justice			19,171
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	TEE-0008-00(165)	33,858
Transportation Enhancement Grant	20.205	CSSHPP-0007-00(603)	222,395
Transportation Enhancement Grant	20.205	TEE-0010-00 (671)	43,725
Total Highway Planning and Construction Cluster			299,978
Section 5311 Grant - Transit Operating Assistance	20.509	GA-18-4032	74,946
Total Section 5311 Grant			74,946
Total U.S. Department of Transportation			374,924
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.468	GEFA	676,321
Total U.S. Environmental Protection Agency			676,321
U.S. Department of Homeland Security			
Passed through Georgia Emergency Management Agency			
Performance Partnership Agreement	97.042	OEM11-086	15,516
Total U.S. Department of Homeland Security			15,516
Total Expenditures of Federal Awards			$ 1,686,387

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

JONES COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $300,000 or three percent of total federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended August 31, 2012.

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	X yes ____ none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies identified not considered to be material weaknesses?	____ yes X none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes X no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.228	U.S. Department of Housing and Urban Development: Community Development Block Grant
66.468	U.S. Environmental Protection Agency: Capitalization Grants for Clean Water State Revolving Loan Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	____ yes X no

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2012 - 1. Expenditure Cycle Transactions

Criteria: Procedures should be in place to ensure all payables and expenditures are properly recorded in a timely manner as part of the year-end closing procedures.

Condition: The County did not properly record a current year payable and expenditure as of August 31, 2012.

Context: See above condition.

Effect: An audit adjustment to increase accounts payable and expenditures in the amount of $41,720 was required to be reported in the 2009 SPLOST Fund.

Recommendation: We recommend the County carefully review the year-end closing entries in order to ensure the related journal entries are accurate. Additionally, the County should be sure all ending payable balances are accurate at year-end.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will carefully review all year-end closing entries to determine all payables and expenditures are properly recorded at year-end.

2012 - 2. Capital Asset and Debt Transactions

Criteria: Generally accepted accounting principles generally require the reporting of all purchased capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Additionally, proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt.

Condition: During the year ended August 31, 2012, the County did not properly record transactions related to the issuance of new debt in the Water and Sewer Fund. The County did not include the liability in long-term debt. Additionally, the County did not properly record certain capital assets purchased with these debt funds.

Context: See above condition.

Effect: An audit adjustment to increase due from other funds in the amount of $2,826, increase capital assets in the amount of $644,821, increase transfers out in the amount of $31,500, increase accounts payable in the amount of $57,910, and increase long term debt in the amount of $621,237 was required to be recorded within the Water and Sewer Fund as of August 31, 2012. Additionally, an audit adjustment to increase due to other funds in the amount of $2,826, decrease expenditures in the amount of $644,821, decrease accounts payable in the amount of $57,910, and decrease revenue in the amount of $589,737 was required to be recorded within the 2009 SPLOST fund as of August 31, 2012.

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)

2012 - 2. Capital Asset and Debt Transactions (Continued)

Recommendation: We recommend the County review all capital asset activity and record all appropriate entries in the capital asset system. We also recommend the County record all debt transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity, properly record items in the capital asset system, and record all debt transactions appropriately as they occur during the year.

2012 - 3. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Magistrate Court and Sheriff.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

JONES COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

2011 - 1. Expenditure Cycle Transactions

Criteria: Procedures should be in place to ensure all payables and expenditures are properly recorded in a timely manner as part of the year-end closing procedures.

Condition: The County did not properly record a current year payable and expenditure as of August 31, 2011.

Auditee response/status: Unresolved. See current finding 2012-1.

2011 - 2. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the estimated fair value on the date of the donation.

Condition: During the year ended August 31, 2011, the County did not properly record depreciation on certain assets within the governmental activities. Additionally, the County did not properly record the contribution and purchase of certain capital assets within the governmental activities.

Auditee response/status: Partially resolved. The finding was corrected for properly recording depreciation and the contribution of assets. See current finding 2012-2.

2011 - 3. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Magistrate Court and Sheriff.

Auditee response/status: Unresolved. See current finding 2012-3.

2011 - 4. Verification Check for Covered Transactions – Assistance to Firefighters Grant

Criteria: As a recipient of federal awards, the County is charged with the responsibility of verifying that covered transactions (procurement contracts for goods and services that are expected to equal or exceed $25,000, or meet certain other specified criteria) are not awarded to debarred or suspended parties.

Condition: During the year ended August 31, 2011, we noted an instance in which the County could not provide documentation that a verification check for debarment/suspension was performed.

Auditee response/status: Resolved.

JONES COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

2011 - 5. Compliance with Cash Management Requirements – HOME Investments Partnership Program

Criteria: 34 CFR 80.21 requires that grantees shall establish methods and procedures for payment to minimize the time elapsing between the transfer/receipt of grant funds and the disbursement of funds to subgrantees or contractors/vendors.

Condition: Controls were not in place to ensure timely disbursement of grant receipts.

Auditee response/status: Resolved.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

To the Board of Commissioners
of Jones County, Georgia
Gray, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Jones County, Georgia's compliance during the year ended August 31, 2012, with the requirement to use grant proceeds solely for the purpose or purposes for which the grants were made for Local Assistance Grants #02-C-L-911 and #03-C-L-794. Management is responsible for Jones County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Jones County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Jones County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Jones County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Jones County, Georgia complied with the aforementioned requirement for the year ended August 31, 2012, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Jones County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
February 25, 2013

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Jones County, Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**02-C-L-911**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**07/02/01**
F	Grant Amount	**$40,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: August 31, 2012	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: August 31, 2012
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$14,923.00	
I	Grant Receipts or Revenue Recognized	$0.00	$40,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$14,923.00	$40,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 2/22/13

Signature of Chief Financial Officer _____ Date 2/22/13

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Jones County, Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**03-C-L-794**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**07/01/02**
F	Grant Amount	**$15,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: August 31, 2012	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: August 31, 2012
G			
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$15,000.00	
I	Grant Receipts or Revenue Recognized	$0.00	$15,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$5,344.00	$5,344.00
K	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$9,656.00	$9,656.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 2/22/13

Signature of Chief Financial Officer _____ Date 2/22/13