JONES COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2013

JONES COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Jones County, Georgia
Gray, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia (the "County") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Jones County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Development Authority of Jones County, a blended component unit. We also did not audit the financial statements of the Jones County Board of Health, which represents 100% of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority of Jones County and the Jones County Board of Health, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia, as of August 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, Jones County, Georgia implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, effective September 1, 2012. These standards modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13) and the Schedule of Funding Progress (on page 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basis financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of Jones County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
February 27, 2014

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, 2013. 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, 2012, by $43,157,956 (net position) and at August 31, 2013, by $44,844,131 (net position). Of this amount, $4,803,783 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, which is an increase in unrestricted net position from the prior year of $4,458,796.

- At August 31, 2013, the County's total fund balances as summarized for all governmental fund types on page 21 of the financial statements were $7,383,115. At August 31, 2012, the County's total fund balances as summarized for all governmental funds were $7,327,300, an increase of $55,815, or approximately 1%, from the 2012 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 position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Jones County's decrease in its unrestricted net position in 2012 showed a slight deterioration, but an increase in unrestricted net position in 2013 demonstrates the continued improvement 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 (discretely presented component unit; is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County), and the Jones County Development Authority (blended component unit; although a legally separate entity, is in substance, part of the County's operations). These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for the blended component unit is reported within the County's financial statements as a special revenue fund. Financial information for the discretely presented component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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, Juvenile Costs and Fees, and the Development Authority of Jones County); Capital Projects (2006 Transportation Enhancement Activities, 2004 SPLOST Capital Projects, 2009 SPLOST Capital Projects, CDBG Grant Fund, and Impact Fee Fund); and Debt Service (River North Tax District Debt Service). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General 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 position may serve over time as a useful indicator of a government's financial position. In the case of Jones County, assets exceeded liabilities by $43,157,956 at the close of the 2012 fiscal year and by $44,844,131 at the close of the 2013 fiscal year, an increase of $1,168,175. Of the $43,157,956, $31,591,199 resulted from governmental activities and $11,566,757 resulted from the County's business-type activities in 2012. In comparison, for fiscal year 2013, of the $44,844,131, $32,254,906 resulted from the County's governmental activities and $12,589,225 resulted from the County's business-type activities.

By far the largest portion of the County's net position (83% in 2012 and 84% in 2013) 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 Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	$ 8,553,761	$ 8,889,992	$ 732,550	$ 715,888	$ 9,286,311	$ 9,605,880
Capital assets	24,890,275	28,561,352	12,451,487	14,125,419	37,341,762	42,686,771
Total assets	33,444,036	37,451,344	13,184,037	14,841,307	46,628,073	52,292,651
Deferred charge on refunding	-	46,101	-	-	-	46,101
Other liabilities	1,063,807	1,449,073	272,968	287,002	1,336,775	1,736,075
Long-term liabilities outstanding	701,901	3,793,466	1,344,612	1,965,080	2,046,513	5,758,546
Total liabilities	1,765,708	5,242,539	1,617,580	2,252,082	3,383,288	7,494,621
Net position:						
Net investment in capital assets	24,888,930	25,490,862	11,108,434	12,208,581	35,997,364	37,699,443
Restricted	2,732,542	2,287,821	85,981	53,384	2,818,523	2,341,205
Unrestricted	4,056,856	4,476,223	372,042	327,260	4,428,898	4,803,483
Total net position	$31,678,328	$32,254,906	$11,566,457	$12,589,225	$43,244,785	$44,844,131

An additional portion of Jones County's total net position (7% in 2012 and 5% in 2013) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net position ($4,428,898 in 2012 and $4,803,483 in 2013) 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 position, both for the government as a whole as well as for its separate governmental activities.

Change in Net Position. Governmental activities decreased the County's net position by ($1,278,289) in 2012 and increased by $663,707 in 2013. Business-type activities increased the County's net position by $756,503 and $1,022,468 in 2012 and 2013, respectively. Key elements of this increase are as follows:

Jones County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
Program revenues:						
Charges for services	$ 2,406,222	$ 2,759,114	$ 2,014,005	$ 1,973,226	$ 4,420,227	$ 4,732,340
Operating grants and contributions	604,611	625,197	-	-	604,611	625,197
Capital grants and contributions	514,380	1,180,193	263,457	964,590	777,837	2,144,783
General revenues:						
Property taxes	10,049,224	10,448,773	-	-	10,049,224	10,448,773
Sales taxes	4,441,604	3,897,768	-	-	4,441,604	3,897,768
Other taxes	1,331,986	1,439,322	-	-	1,331,986	1,439,322
Unrestricted investment earnings	16,052	14,534	3,307	1,029	19,359	15,563
Total revenues	19,364,079	20,364,901	2,280,769	2,938,845	21,644,848	23,303,746
Expenses						
General government	4,185,479	4,099,730	-	-	4,185,479	4,099,730
Judicial	1,406,383	1,373,316	-	-	1,406,383	1,373,316
Public safety	6,693,577	6,701,439	-	-	6,693,577	6,701,439
Public works	5,600,351	5,014,355	-	-	5,600,351	5,014,355
Health and welfare	429,788	434,525	-	-	429,788	434,525
Culture and recreation	476,920	732,746	-	-	476,920	732,746
Housing and development	645,849	619,928	-	-	645,849	619,928
Interest on long-term debt	426	119,187	-	-	426	119,187
Water and sewer	-	-	2,329,432	2,058,565	2,329,432	2,058,565
Golf course	-	-	428,327	463,780	428,327	463,780
Total expenses	19,438,773	19,095,226	2,757,759	2,522,345	22,196,532	21,617,571
Change in net position before transfers	(74,694)	1,269,675	(476,990)	416,500	(551,684)	1,686,175
Transfers	(1,203,595)	(605,968)	1,203,595	605,968	-	-
Change in net position	(1,278,289)	663,707	726,605	1,022,468	(551,684)	1,686,175
Net position, beginning, as restated	32,956,617	31,591,199	10,839,852	11,566,757	43,796,469	43,244,785
Net position, ending	$31,678,328	$32,254,906	$11,566,457	$12,589,225	$43,244,785	$44,930,960

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2013 fiscal year, the County's governmental funds reported combined ending fund balances of $7,383,115, an increase of $55,815 in comparison with the prior year. Specifically, the restricted fund balance for debt service increased by $72,358; the fund balance nonspendable for inventory increased $7,367; nonspendable fund balance for prepaid items decreased $173,996; unassigned general fund increased $1,358,330; restricted fund balance for judicial and public safety increased $104,096; and restricted fund balance in the capital project funds decreased $754,408. Due to the implementation of GASB 61, the County was required to present the Development Authority of Jones County as a blended component unit, which resulted in a restricted fund balance for economic development in the amount of $131,674. Approximately 64% of the combined fund balance constitutes unassigned fund balance ($4,706,294), which is available for spending at the government's discretion. The remainder of the 2013 fund balance ($2,676,821) is classified as nonspendable ($389,000), and restricted ($2,287,821) 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 $4,724,067, while total fund balance reached $5,104,374. The 2013 unassigned fund balance of the General Fund increased $1,331,135 and the nonspendable fund balance decreased $155,004. 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 30% of total General Fund expenditures, while total fund balance represents 33% of that same amount.

The fund balance of the County's total General Fund increased in the amount of $484,966 during the current fiscal year. The actual County's revenues collected in 2013 were more than the final amended budget by $116,561 (100% of September collection of sales/use tax). The County's expenditures were less than the final amended budget by $367,994. With the other financing sources and uses ($188,790), the net result is the increase of $484,966.

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 2013 fiscal year, the 2004 SPLOST Capital Projects Fund had a restricted fund balance of $1,785 and a nonspendable fund balance of $35.

The 2009 SPLOST Capital Projects fund accounts for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax. These resources must be used for recreation facilities and equipment, public works capital projects, sheriff's department capital improvements, rehabilitation of government buildings, including animal control facility, renovation of Old Clinton Tanyard, library capital improvements, emergency management facilities and equipment, industrial park capital improvements, golf course capital improvements, and shared revenue of 19.2% with the City of Gray for water and sewer improvements. At the end of the 2013 fiscal year, the 2009 SPLOST Capital Projects Fund had a restricted fund balance of $1,480,379.

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 position (formerly known as net assets) of the Water and Sewer Fund was $362,349, an increase of $11,247, or 3% from 2012. Unrestricted net position of the Golf Course Fund went from $50,838 in 2012 to ($35,089) in 2013, resulting in combined total unrestricted net position of $327,260, a decrease of $74,680. The Water and Sewer Fund reflects restricted net position of $13,933 for debt service, a decrease of $3,683. For the years ended August 31, 2013 and 2012, the proprietary funds had total net position of 12,589,225 and $11,596,355, respectively. This is an increase in total net position for the proprietary funds in the amount of $992,870.

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

	2012	2013
Net operating income (loss):		
Water and Sewer Fund	$ (413,968)	$ (209,655)
Golf Course Fund	(259,419)	(307,786)
Total net operating income (loss)	(673,387)	(517,441)
Nonoperating revenues (expenses)	(37,162)	(30,649)
Income (loss) before transfers and contributions	(710,549)	(548,090)
Capital Contributions	1,272,052	1,401,133
Transfers in (out)	195,000	169,425
Change in net position	$ 756,503	$ 1,022,468

General Fund Budgetary Highlights

The major impact between the actual and the final amended budgets were the revenues of sales/use tax that was collected in September in the amount of $136,801 for fiscal year end and the reduction in spending to control costs resulted in fewer funds being spent out of contingency in general administration. The actual net change in fund balance was an increase of $484,966. End of year actual fund balance is $5,104,374 in the General Fund, which will cover expenses for roughly more than three months.

Capital Asset and Debt Administration

Capital assets. Jones County's investment in capital assets for its governmental activities as of August 31, 2013, increased $847,146 to $28,561,352 (net of accumulated depreciation) which includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2013. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2013. The County's investment in capital assets for its business-type activities as of August 31, 2013 increased $1,673,932 to $14,125,419. 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	
	2012	2013	2012	2013	2012	2013
Land	$ 4,092,210	$ 4,142,210	$ 211,047	$ 211,047	$ 4,303,257	$ 4,353,257
Intangibles	-	36,000	-	-	-	36,000
Land improvements	2,664,126	2,617,374	-	-	2,664,126	2,617,374
Buildings and improvements	8,946,665	8,654,436	307,869	294,700	9,254,534	8,949,136
Golf course improvements	-	-	188,749	549,876	188,749	549,876
Machinery and equipment	3,322,536	2,959,829	265,332	221,483	3,587,868	3,181,312
Furniture and fixtures	-	-	-	-	-	-
Water system	-	-	9,379,869	10,341,690	9,379,869	10,341,690
Water storage tanks	-	-	416,158	1,341,794	416,158	1,341,794
RN sewer system	-	-	907,183	863,984	907,183	863,984
Pumping station	-	-	130,459	120,069	130,459	120,069
Infrastructure	6,712,710	7,848,132	-	-	6,712,710	7,848,132
Construction in progress	1,975,959	2,303,371	644,821	180,776	2,620,780	2,484,147
Total	$27,714,206	$28,561,352	$12,451,487	$14,125,419	$40,165,693	$42,686,771

Major projects in 2013 included the following:

- HPP Sidewalks and Bike Trails (not completed)
- New TE Haddock Walkways (not completed)
- HWY 18 Recreation Expansion (not completed)
- Industrial Park (not completed)
- Water System Improvements (not completed)
- Homer Roberts Road (not completed)
- Griswoldville Water Main (not completed)
- Industrial Park Fire Station #11 (not completed)
- Jonesco Golf Course Irrigation (completed)
- GEFA – SCADA and 49 Tank-(completed)
- GEFA – River North (not completed)

Long-term debt. At the end of the current fiscal year, Jones County had total outstanding bonded debt of $3,279,000, which is secured solely by specified revenue services. The total long-term debt of the County, other than bonds is $2,479,546.

- 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 (13) years of monitoring remaining. The costs of monitoring have been estimated based on what it would cost to perform all post closure care in 2013. 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:					
Revenue bonds	$3,100,000	$ -	$ 155,000	2,945,000	$ 160,000
Capital leases	1,345	125,490	1,345	125,490	24,153
Landfill postclosure	260,960	3,850	18,915	245,895	18,915
Compensated absences	384,566	271,787	220,875	435,478	348,383
Net pension obligation	55,030	-	13,427	41,603	-
	$3,801,901	$ 401,127	$ 409,562	$3,793,466	$ 551,451
Business-type activities:					
Revenue bonds	$ 370,000	$ -	$ 36,000	$ 334,000	$ 40,000
Notes payable	844,065	788,018	142,065	1,490,018	14,220
Capital leases	128,988	-	36,168	92,820	41,981
Compensated absences	37,559	19,142	8,459	48,242	26,974
Total	$1,380,612	$ 807,160	$ 222,692	$1,965,080	$ 123,175

Economic Factors and Next Year's Budgets

- The unemployment rate for Jones County is at 7.9% which is lower than the Middle Georgia rate of 9.0%, and the State of Georgia rate of 8.7%. (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: www.dol.state.ga.us).
- Jones County anticipates an increase in the amount of Local Option Sales Tax Revenues in the future with the construction of the North Gray Bypass, the estimate for the completion of the bypass is 18 months to two years after construction has started. Jones County, the City of Gray, and the City of Macon renegotiated its revenue sharing arrangements for LOST in 2012, and the County will receive 82.9%, City of Gray will receive 16.5% 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 $717,132,912 to $701,926,586, 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 POSITION
AUGUST 31, 2013

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 7,593,734	$ 443,741	$ 8,037,475
Investments	33,842	-	33,842
Taxes receivable	392,805	-	392,805
Interest receivable	138	-	138
Accounts receivable, net of allowances	167,311	335,601	502,912
Due from other governments	134,485	-	134,485
Internal balances	178,677	(178,677)	-
Inventories	92,310	8,543	100,853
Prepaid items	296,690	10,513	307,203
Restricted assets, cash	-	96,167	96,167
Capital assets, non-depreciable	6,481,581	391,823	6,873,404
Capital assets, depreciable, net of accumulated depreciation	22,079,771	13,733,596	35,813,367
Total assets	37,451,344	14,841,307	52,292,651
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	46,101	-	46,101
Total deferred outflows of resources	46,101	-	46,101
LIABILITIES			
Accounts payable	1,019,329	125,884	1,145,213
Accrued liabilities	310,635	23,398	334,033
Due to other governments	31,678	-	31,678
Other current liabilities	87,431	-	87,431
Liabilities payable from restricted assets	-	137,720	137,720
Capital leases due within one year	24,153	41,981	66,134
Capital leases due in more than one year	101,337	50,839	152,176
Compensated absences due within one year	348,383	26,974	375,357
Compensated absences due in more than one year	87,095	21,268	108,363
Notes payable due within one year	-	14,220	14,220
Notes payable due in more than one year	-	1,475,798	1,475,798
Bonds payable due within one year	160,000	40,000	200,000
Bonds payable due in more than one year	2,785,000	294,000	3,079,000
Landfill postclosure costs due within one year	18,915	-	18,915
Landfill postclosure costs due in more than one year	226,980	-	226,980
Net pension obligation due in more than one year	41,603	-	41,603
Total liabilities	5,242,539	2,252,082	7,494,621

Component Unit
Jones County Board of Health
$ 870,624
-
-
-
28,256
2,358
-
-
-
-
-
5,614
906,852
-
-
7,423
-
-
-
-
-
-
3,959
20,823
-
-
-
-
-
-
-
32,205

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
AUGUST 31, 2013

NET POSITION	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	$ 25,490,862	$ 12,208,581	$ 37,699,443
Restricted for:			
Debt service	72,562	13,933	86,495
Renewal and replacement	-	39,451	39,451
Capital projects	1,682,563	-	1,682,563
Economic development	131,674	-	131,674
Judicial	62,824	-	62,824
Public safety	336,639	-	336,639
Federal Programs	1,559	-	1,559
Unrestricted	4,476,223	327,260	4,803,483
Total net position	$ 32,254,906	$ 12,589,225	$ 44,844,131

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

Component Units
Jones County Board of Health
$ 5,614
-
-
-
-
-
-
-
869,033
$ 874,647

JONES COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

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	$ 4,099,730	$ 496,216	$ 6,000	$ -
Judicial	1,373,316	905,583	29,282	-
Public safety	6,701,439	1,177,212	70,587	81,956
Public works	5,014,355	70,740	128,453	1,098,115
Health and welfare	434,525	-	-	-
Culture and recreation	732,746	13,597	17,631	122
Housing and development	619,928	95,766	373,244	-
Interest on long-term debt	119,187	-	-	-
Total governmental activities	19,095,226	2,759,114	625,197	1,180,193
Business-type activities:				
Water and sewer	2,058,565	1,823,663	-	964,590
Golf course	463,780	149,563	-	-
Total business-type activities	2,522,345	1,973,226	-	964,590
Total primary government	$ 21,617,571	$ 4,732,340	$ 625,197	$ 2,144,783
Component unit:				
Jones County Board of Health	$ 423,521	$ 176,375	$ 288,333	$ -
Total component unit	$ 423,521	$ 176,375	$ 288,333	$ -

General revenues:
- Property taxes
- Sales taxes
- Insurance premium taxes
- Intangible taxes
- Alcoholic beverage taxes
- Other taxes
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, restated

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit Jones County Board of Health
$ (3,597,514)	$ -	$ (3,597,514)	$ -
(438,451)	-	(438,451)	-
(5,371,684)	-	(5,371,684)	-
(3,717,047)	-	(3,717,047)	-
(434,525)	-	(434,525)	-
(701,396)	-	(701,396)	-
(150,918)	-	(150,918)	-
(119,187)	-	(119,187)	-
(14,530,722)	-	(14,530,722)	-
-	729,688	729,688	-
-	(314,217)	(314,217)	-
-	415,471	415,471	-
(14,530,722)	415,471	(14,115,251)	-
-	-	-	41,187
-	-	-	41,187
10,448,773	-	10,448,773	-
3,897,768	-	3,897,768	-
1,113,840	-	1,113,840	-
125,144	-	125,144	-
90,834	-	90,834	-
109,504	-	109,504	-
14,534	1,029	15,563	820
(605,968)	605,968	-	-
15,194,429	606,997	15,801,426	820
663,707	1,022,468	1,686,175	42,007
31,591,199	11,566,757	43,157,956	832,640
$ 32,254,906	$ 12,589,225	$ 44,844,131	$ 874,647

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 5,232,570	$ 1,723,710	$ 637,454	$ 7,593,734
Investments	-	-	33,842	33,842
Taxes receivable	227,775	164,991	39	392,805
Interest receivable	-	-	138	138
Accounts receivable	23,882	-	143,429	167,311
Due from other governments	35,134	-	99,351	134,485
Due from other funds	62,836	140,572	20,529	223,937
Inventories	92,310	-	-	92,310
Prepaid items	287,997	-	8,693	296,690
Total assets	$ 5,962,504	$ 2,029,273	$ 943,475	$ 8,935,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 398,847	$ 517,216	$ 103,266	$ 1,019,329
Accrued liabilities	293,519	-	17,116	310,635
Due to other governments	-	31,678	-	31,678
Due to other funds	20,529	-	24,731	45,260
Other current liabilities	87,431	-	-	87,431
Total liabilities	800,326	548,894	145,113	1,494,333
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	57,804	-	-	57,804
Total deferred inflows of resources	57,804	-	-	57,804

(Continued)

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventories	$ 92,310	$ -	$ -	$ 92,310
Prepaid items	287,997	-	8,693	296,690
Restricted for:				
Capital projects	-	1,480,379	202,184	1,682,563
Debt service	-	-	72,562	72,562
Economic development	-	-	131,674	131,674
Federal programs	-	-	1,559	1,559
Judicial	-	-	62,824	62,824
Public safety	-	-	336,639	336,639
Unassigned	4,724,067	-	(17,773)	4,706,294
Total fund balances	5,104,374	1,480,379	798,362	7,383,115
Total liabilities, deferred inflows of resources, and fund balances	$ 5,962,504	$ 2,029,273	$ 943,475	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,561,352
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	57,804
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,747,365)
Net position of governmental activities	$ 32,254,906

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, 2013

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 13,680,373	$ 2,129,777	$ 80,563	$ 15,890,713
Licenses and permits	198,071	-	-	198,071
Intergovernmental	725,495	478,380	594,092	1,797,967
Fines and forfeitures	520,476	-	273,816	794,292
Charges for services	1,162,989	-	497,907	1,660,896
Impact fees	-	-	48,600	48,600
Investment income	13,501	3,097	1,155	17,753
Miscellaneous	59,786	-	1,673	61,459
Total revenues	16,360,691	2,611,254	1,497,806	20,469,751
Expenditures				
Current:				
General government	3,496,561	-	128,344	3,624,905
Judicial	1,340,001	-	33,631	1,373,632
Public safety	5,068,982	-	762,455	5,831,437
Public works	4,418,854	-	-	4,418,854
Health and welfare	448,764	-	-	448,764
Culture and recreation	598,942	-	-	598,942
Housing and development	313,455	-	-	313,455
Intergovernmental	-	409,058	-	409,058
Capital outlay	-	2,772,625	445,636	3,218,261
Debt service:				
Principal	1,345	-	155,000	156,345
Interest and fiscal charges	31	-	115,863	115,894
Total expenditures	15,686,935	3,181,683	1,640,929	20,509,547
Excess (deficiency) of revenues over (under) expenditures	673,756	(570,429)	(143,123)	(39,796)

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

	General	Capital Projects 2009 SPLOST	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Capital leases	$ 125,490	$ -	$ -	$ 125,490
Transfers in	-	-	144,855	144,855
Transfers out	(314,280)	-	-	(314,280)
Total other financing sources (uses)	(188,790)	-	144,855	(43,935)
Net change in fund balances	484,966	(570,429)	1,732	(83,731)
Fund balance, beginning of year	4,619,408	2,050,808	796,630	7,466,846
Fund balance, end of year	$ 5,104,374	$ 1,480,379	$ 798,362	$ 7,383,115

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, 2013

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

Net change in fund balances - total governmental funds	$	(83,731)
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.		1,231,895
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(384,749)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(104,850)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		42,627
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.		(37,485)
	$	663,707

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 10,144,009	$ 10,487,310	$ 10,473,060	$ (14,250)
Sales taxes	2,061,215	1,631,190	1,767,991	136,801
Other taxes	1,341,112	1,439,319	1,439,322	3
Licenses and permits	181,600	198,069	198,071	2
Intergovernmental	460,337	725,491	725,495	4
Fines and forfeitures	470,550	520,474	520,476	2
Charges for services	1,016,520	1,169,081	1,162,989	(6,092)
Investment income	15,000	13,413	13,501	88
Miscellaneous	23,300	59,783	59,786	3
Total revenues	15,713,643	16,244,130	16,360,691	116,561
Expenditures:				
Current:				
General government:				
Governing body	125,012	125,904	125,914	(10)
Chief executive	539,463	535,818	535,836	(18)
Elections	146,324	114,545	114,556	(11)
Law	164,203	165,396	165,397	(1)
Data processing	78,201	74,294	74,305	(11)
Tax commissioner	382,320	373,088	373,099	(11)
Tax assessor	329,985	307,926	307,935	(9)
Board of equalization	13,803	7,625	7,628	(3)
Risk management	199,936	185,382	198,138	(12,756)
Buildings and plant	497,828	475,918	475,938	(20)
Records management	1,014	1,403	1,403	-
General administration	1,253,813	1,505,678	1,116,412	389,266
Total general government	3,731,902	3,872,977	3,496,561	376,416
Judicial:				
Superior court	521,229	487,513	492,908	(5,395)
District attorney	150,633	144,176	144,179	(3)
Magistrate court	183,229	180,069	180,077	(8)
Probate court	258,810	256,244	256,251	(7)
Traffic court	28,178	26,901	26,903	(2)
Juvenile court	84,844	91,778	91,781	(3)
Operation early intervention	56,164	49,669	49,673	(4)
Grand jury	4,000	-	-	-
Public defender	101,057	98,228	98,229	(1)
Total judicial	1,388,144	1,334,578	1,340,001	(5,423)

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public safety:				
Law enforcement administration	$ 2,875,209	$ 2,928,225	$ 2,928,244	$ (19)
Jail operations	1,489,494	1,439,772	1,439,784	(12)
Adult probation and parole	250	113	114	(1)
Fire	63,122	53,690	53,711	(21)
Ambulance	1,252	1,705	1,705	-
Coroner	88,913	83,381	83,384	(3)
Animal control	140,381	153,494	153,509	(15)
Emergency management	369,154	405,821	408,531	(2,710)
Total public safety	5,027,775	5,066,201	5,068,982	(2,781)
Public works:				
Administration	3,194,087	3,163,165	3,163,194	(29)
Sanitary administration	270,067	320,520	320,528	(8)
DNR code enforcement	92,142	71,922	71,930	(8)
Solid waste collection	212,120	222,675	222,676	(1)
Recycling	357,353	353,273	353,334	(61)
Landfill	63,050	57,826	57,828	(2)
Public education	35,388	29,531	29,537	(6)
Maintenance and shop	249,850	199,816	199,827	(11)
Total public works	4,474,057	4,418,728	4,418,854	(126)
Health and welfare:				
Public health	109,346	109,439	109,440	(1)
Welfare	50,000	50,000	50,000	-
Older American Council	55,818	57,270	57,280	(10)
5311 transportation	218,394	232,041	232,044	(3)
Total health and welfare	433,558	448,750	448,764	(14)
Culture and recreation:				
Recreation centers	500,016	470,223	470,276	(53)
Jonesco restoration	12,750	9,304	9,306	(2)
Libraries	127,853	119,355	119,360	(5)
Total culture and recreation	640,619	598,882	598,942	(60)

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Housing and development:				
Agricultural resources	$ 78,761	$ 75,849	$ 75,858	$ (9)
Planning and zoning	165,194	154,464	154,472	(8)
Economic development	83,125	83,125	83,125	-
Total housing and development	327,080	313,438	313,455	(17)
Debt service				
Principal	1,341	1,340	1,345	(5)
Interest and fiscal charges	35	35	31	4
Total debt service	1,376	1,375	1,376	(1)
Total expenditures	16,024,511	16,054,929	15,686,935	367,994
Excess (deficiency) of revenues over (under) expenditures	(310,868)	189,201	673,756	484,555
Other financing sources (uses):				
Capital lease	-	125,490	125,490	-
Proceeds from sale of assets	9,500	-	-	-
Transfers out	(389,797)	(314,279)	(314,280)	(1)
Total other financing sources (uses)	(380,297)	(188,789)	(188,790)	(1)
Net change in fund balance	(691,165)	412	484,966	484,554
Fund balance, beginning of year	4,619,408	4,619,408	4,619,408	-
Fund balance, end of year	$ 3,928,243	$ 4,619,820	$ 5,104,374	$ 484,554

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

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
CURRENT ASSETS			
Cash	$ 431,968	$ 11,773	$ 443,741
Accounts receivable, net of allowances	335,601	-	335,601
Restricted assets, cash	96,167	-	96,167
Inventories	-	8,543	8,543
Prepaid items	5,073	5,440	10,513
Total current assets	868,809	25,756	894,565
NONCURRENT ASSETS			
Capital assets			
Capital assets, non-depreciable	268,943	122,880	391,823
Capital assets, depreciable, net of accumulated depreciation	12,993,572	740,024	13,733,596
Total capital assets	13,262,515	862,904	14,125,419
Total noncurrent assets	13,262,515	862,904	14,125,419
Total assets	$ 14,131,324	$ 888,660	$ 15,019,984
LIABILITIES			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	$ 125,388	$ 496	$ 125,884
Accrued liabilities	15,562	7,836	23,398
Capital lease payable, current portion	-	41,981	41,981
Compensated absences, current portion	23,101	3,873	26,974
Notes payable, current portion	14,220	-	14,220
Due to other funds	145,530	33,147	178,677
Total payable from current assets	323,801	87,333	411,134

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
Payable from restricted assets:			
Accrued interest payable	$ 2,906	$ -	$ 2,906
Revenue bonds payable, current portion	40,000	-	40,000
Customer deposits payable	134,814	-	134,814
Total payable from restricted assets	177,720	-	177,720
Total current liabilities	501,521	87,333	588,854
NONCURRENT LIABILITIES			
Revenue bonds payable, net of current portion	294,000	-	294,000
Capital lease payable, net of current portion	-	50,839	50,839
Compensated absences, net of current portion	5,775	15,493	21,268
Notes payable, net of current portion	1,475,798	-	1,475,798
Total noncurrent liabilities	1,775,573	66,332	1,841,905
Total liabilities	2,277,094	153,665	2,430,759
NET POSITION			
Net investment in capital assets	11,438,497	770,084	12,208,581
Restricted for:			
Debt service	13,933	-	13,933
Renewal and replacement	39,451	-	39,451
Unrestricted	362,349	(35,089)	327,260
Total net position	$ 11,854,230	$ 734,995	$ 12,589,225

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

JONES COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

	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	$ 1,461,611	$ -	$ 1,461,611
Sewer sales	158,805	-	158,805
Connection fees	75,127	-	75,127
Golf course charges	-	149,563	149,563
Other operating income	128,120	-	128,120
Total operating revenues	1,823,663	149,563	1,973,226
Operating expenses:			
Salaries and benefits	484,818	232,374	717,192
Purchased/contracted services	381,094	21,223	402,317
Supplies and materials	654,652	137,700	792,352
Other	8,986	-	8,986
Depreciation	503,768	66,052	569,820
Total operating expenses	2,033,318	457,349	2,490,667
Operating loss	(209,655)	(307,786)	(517,441)
Nonoperating revenues (expenses):			
Investment income	1,015	14	1,029
Interest expense	(25,247)	(6,431)	(31,678)
Total nonoperating expenses	(24,232)	(6,417)	(30,649)
Loss before contributions and transfers	(233,887)	(314,203)	(548,090)
Capital contributions	1,016,384	384,749	1,401,133
Transfers			
Transfers in	-	198,392	198,392
Transfers out	(28,967)	-	(28,967)
Total transfers	(28,967)	198,392	169,425
Change in net position	753,530	268,938	1,022,468
Net position, beginning of year, restated	11,100,700	466,057	11,566,757
Net position, end of year	$ 11,854,230	$ 734,995	$ 12,589,225

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, 2013

	Major Enterprise Fund	Nonmajor Enterprise Fund	
	Water and Sewer Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,956,211	$ 149,563	$ 2,105,774
Payments to suppliers and service providers	(1,089,377)	(108,814)	(1,198,191)
Payments to employees	(480,957)	(192,858)	(673,815)
Net cash provided by (used in) operating activities	385,877	(152,109)	233,768
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	198,392	198,392
Transfers out	(28,967)	-	(28,967)
Net cash provided by (used in) noncapital financing activities	(28,967)	198,392	169,425
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(842,619)	-	(842,619)
Principal paid on bonds	(36,000)	-	(36,000)
Principal paid on notes payable	(142,065)	-	(142,065)
Principal paid on capital leases	-	(36,168)	(36,168)
Proceeds from issuance of note payable	788,018	-	788,018
Interest paid	(25,655)	(6,431)	(32,086)
Net cash used in capital and related financing activities	(258,321)	(42,599)	(300,920)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,015	14	1,029
Payments received on note receivable	12,083	-	12,083
Net cash provided by investing activities	13,098	14	13,112
Net increase in cash and cash equivalents	111,687	3,698	115,385
Cash and cash equivalents:			
Beginning of year	416,448	8,075	424,523
End of year	$ 528,135	$ 11,773	$ 539,908

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Golf Course Fund	Totals
Classified as:			
Cash and cash equivalents	$ 431,968	$ 11,773	$ 443,741
Restricted assets, cash and cash equivalents	96,167	-	96,167
	$ 528,135	$ 11,773	$ 539,908
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$ (209,655)	$ (307,786)	$ (517,441)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	503,768	66,052	569,820
Decrease in accounts receivable	116,483	-	116,483
Decrease in due from other funds	5,825	44,441	50,266
Decrease in inventories	-	2,926	2,926
Decrease in prepaid items	21,694	2,246	23,940
Increase in accounts payable	34,334	496	34,830
Decrease in accrued liabilities	(189)	(264)	(453)
Increase in compensated absences	4,050	6,633	10,683
(Decrease) increase in due to other funds	(106,798)	33,147	(73,651)
Increase in customer deposits payable	16,065	-	16,065
Net cash provided by (used in) operating activities	$ 385,877	$ (152,109)	$ 233,768
Noncash investing, capital, and financing activities:			
Contributions of capital assets by developers	$ 964,590	$ -	$ 964,590
Purchases of capital assets by other funds	51,794	384,749	436,543
Total noncash investing, capital and financing activities	$ 1,016,384	$ 384,749	$ 1,401,133

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

JONES COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Funds
ASSETS	
Cash	$ 444,904
Taxes receivable	122,232
Due from others	17,508
Total assets	$ 584,644
LIABILITIES	
Due to others	$ 584,644

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

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

Development Authority of Jones County, Georgia

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

The purpose of the Development Authority is to promote and expand, for the public good and welfare, industry and trade within 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

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

Jones County Board of Health

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The County reports the following major governmental funds:

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Cash and Investments

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

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

E. Interfund Receivables and Payables

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

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

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

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

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

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

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

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

L. Deferred Outflows / Inflows of Resources

The County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of September 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows / Inflows of Resources (Continued)

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

M. Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

- ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- ***Unassigned*** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

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

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

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $3,747,365 difference are as follows:

Capital leases payable	$ (125,490)
Bonds payable	(2,945,000)
Deferred amount on refinancing	46,101
Landfill postclosure costs	(245,895)
Compensated absences	(435,478)
Net pension obligation	(41,603)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (3,747,365)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position 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 $1,231,895 difference are as follows:

Capital outlay	$ 3,450,350
Depreciation expense	(2,218,455)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 1,231,895

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

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

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of this $42,627 difference are as follows:

Debt incurred:	
Capital leases	$ (125,490)
Landfill postclosure costs	(3,850)
Principal repayments:	
Capital leases	1,345
Revenue bonds	155,000
Landfill postclosure costs	18,915
Amortization of deferred loss	(3,293)
Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net position - governmental activities*	$ 42,627

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 $37,485 difference are as follows:

Compensated absences	$ (50,912)
Net pension obligation	13,427
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (37,485)

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.

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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Deficit Fund Equity. The Drug Education Fund had a deficit fund balance of $17,773 at August 31, 2013. The County plans to eliminate this deficit through transfers from the General Fund.

Excess Expenditures over Appropriations. For the year ended August 31, 2013, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Risk management	$ 12,756

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, 2013, the County's only investment was a certificate of deposit.

At August 31, 2013, the County had the following investment:

Investment	Maturities	Fair Value
Certificate of deposit	12 months	$ 33,842

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, 2013, 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, 2013 consist of the following:

	General	SPLOST 2009 Fund	Water and Sewer	Nonmajor Funds	Total
Receivables:					
Taxes	$ 227,775	$ 164,991	$ -	$ 39	$ 392,805
Interest	-	-	-	138	138
Accounts	23,882	-	399,081	143,429	566,392
Gross receivables	251,657	164,991	399,081	143,606	959,335
Less allowance	-	-	(63,480)	-	(63,480)
Net receivables	$ 251,657	$ 164,991	$ 335,601	$ 143,606	$ 895,855

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, 2012	January 1, 2012
Levy date	September 29, 2012	January 1, 2012
Due date and collection date	December 1, 2012	Staggered
Tax execution date/lien date	March 1, 2013	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 2012 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, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,092,210	$ 50,000	$ -	$ -	$ 4,142,210
Intangibles	-	-	-	36,000	36,000
Construction in progress	1,975,959	712,161	-	(384,749)	2,303,371
Total	6,068,169	762,161	-	(348,749)	6,481,581
Capital assets, being depreciated:					
Land improvements	3,424,479	76,170	-	-	3,500,649
Buildings and improvements	14,605,146	84,271	-	-	14,689,417
Machinery and equipment	11,663,575	625,335	-	(36,000)	12,252,910
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	51,466,466	1,902,413	-	-	53,368,879
Total	81,219,261	2,688,189	-	(36,000)	83,871,450
Less accumulated depreciation for:					
Land improvements	760,353	122,922	-	-	883,275
Buildings and improvements	5,658,481	376,500	-	-	6,034,981
Machinery and equipment	8,341,039	952,042	-	-	9,293,081
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	44,753,756	766,991	-	-	45,520,747
Total	59,573,224	2,218,455	-	-	61,791,679
Total capital assets, being depreciated, net	21,646,037	469,734	-	(36,000)	22,079,771
Governmental activities capital assets, net	$ 27,714,206	$ 1,231,895	$ -	$ (384,749)	$ 28,561,352

The above schedule includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2013. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2013.

Construction in progress in the amount of $384,749 was completed by the Governmental activities during the year ended August 31, 2013 and transferred to the Business-type activities.

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	820,353	-	(1,284,398)	180,776
Total	855,868	820,353	-	(1,284,398)	391,823
Capital assets, being depreciated:					
Buildings	368,972	-	-	-	368,972
Water system	14,483,199	1,016,384	-	262,760	15,762,343
Water storage tanks	2,913,100	-	-	1,021,638	3,934,738
River North sewer system	2,159,960	-	-	-	2,159,960
Golf course improvements	296,840	-	-	384,749	681,589
Pumping stations	333,125	-	-	-	333,125
Machinery and equipment	1,345,854	22,266	-	-	1,368,120
Total	21,901,050	1,038,650	-	1,669,147	24,608,847
Less accumulated depreciation for:					
Buildings	61,103	13,169	-	-	74,272
Water system	5,103,330	317,323	-	-	5,420,653
Water storage tanks	2,496,942	96,002	-	-	2,592,944
River North sewer system	1,252,777	43,199	-	-	1,295,976
Golf course improvements	108,091	23,622	-	-	131,713
Pumping stations	202,666	10,390	-	-	213,056
Machinery and equipment	1,080,522	66,115	-	-	1,146,637
Total	10,305,431	569,820	-	-	10,875,251
Total capital assets, being depreciated, net	11,595,619	468,830	-	1,669,147	13,733,596
Business-type activities capital assets, net	$ 12,451,487	$ 1,289,183	$ -	$ 384,749	$ 14,125,419

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 99,555
Public safety	922,381
Public works	1,042,745
Health and welfare	40,091
Culture and recreation	87,798
Housing and development	25,885
Total depreciation expense - governmental activites	$ 2,218,455
Business-type activities:	
Water and sewer	$ 503,768
Golf Course	66,052
Total depreciation expense - business-type activities	$ 569,820

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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 1,345	$ 125,490	$ 1,345	$ 125,490	$ 24,153
Revenue bonds	3,100,000	-	155,000	2,945,000	160,000
Landfill postclosure	260,960	3,850	18,915	245,895	18,915
Compensated absences	384,566	271,787	220,875	435,478	348,383
Net pension obligation	55,030	-	13,427	41,603	-
Totals	$ 3,801,901	$ 401,127	$ 409,562	$ 3,793,466	$ 551,451
Business-type activities:					
Revenue bonds	$ 370,000	$ -	$ 36,000	$ 334,000	$ 40,000
Notes payable	844,065	788,018	142,065	1,490,018	14,220
Capital leases	128,988	-	36,168	92,820	41,981
Compensated absences	37,559	19,142	8,459	48,242	26,974
Totals	$ 1,380,612	$ 807,160	$ 222,692	$ 1,965,080	$ 123,175

The above schedule includes the long-term debt activity of the Development Authority of Jones County as of and for the year ended August 31, 2013. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2013.

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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

The following is an analysis of leased assets under capital leases as of August 31, 2013:

	Governmental Activities	Business-type Activities
Equipment	$ 125,490	$ 181,508
Less: Accumulated depreciation	(4,183)	(108,905)
	$ 121,307	$ 72,603

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

	Governmental Activities	Business-type Activities
Fiscal Year Ending August 31,		
2014	$ 26,562	$ 46,200
2015	26,562	51,700
2016	26,562	-
2017	26,562	-
2018	26,562	-
Total minimum lease payments	132,810	97,900
Less amount representing interest	(7,320)	(5,080)
Present value of future minimum lease payments	$ 125,490	$ 92,820

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, 2013, 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%.	$ 158,000
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%.	176,000
	$ 334,000

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

Fiscal Year ending August 31,	Principal	Interest
2014	$ 40,000	$ 16,700
2015	40,000	14,700
2016	44,000	12,700
2017	44,000	10,500
2018	48,000	8,300
2019-2022	118,000	12,800
	$ 334,000	$ 75,700

Notes Payable. 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 October 7, 2018. The amount outstanding at August 31, 2013, is $80,763. Additionally, 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, 2013. The construction line of credit agreement for $1,499,520 of which $1,409,255 had been drawn down, is in the draw down phase as of August 31, 2013. 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
2014	$ 14,220	$ 2,653
2015	14,750	2,340
2016	15,351	1,739
2017	15,976	1,114
2018	16,627	463
2019	3,839	12
	$ 80,763	$ 8,321

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 $1,409,255 had been drawn as of August 31, 2013. This note payable is in the draw down phase as of August 31, 2013.

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, 2013, the County has 13 years of monitoring remaining. The liability for the landfill postclosure care costs is estimated to be $245,895 as of August 31, 2013. These estimated costs are based on what it would cost to perform all postclosure care in 2013. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Development Authority – Blended Component Unit

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Development Authority – Blended Component Unit (Continued)

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, 2013 was $2,945,000. Total interest costs incurred during the year ended August 31, 2013 were $115,863.

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

Fiscal Year ending August 31,	Principal	Interest
2014	$ 160,000	$ 107,438
2015	165,000	101,344
2016	175,000	94,969
2017	180,000	88,313
2018	190,000	81,375
2019-2023	1,060,000	292,875
2024-2027	1,015,000	77,906
	$ 2,945,000	$ 844,220

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of August 31, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 4,958
General Fund	Nonmajor enterprise fund	33,147
General Fund	Nonmajor governmental funds	24,731
Nonmajor governmental funds	General Fund	20,529
SPLOST 2009 Fund	Water and Sewer Fund	140,572
		$ 223,937

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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The County received a loan/grant from the Georgia Environmental Facilities Authority (GEFA) which enabled the County to reimburse the SPLOST account, thereby furthering the ability to enhance and expand the water and sewer infrastructure (one of the approved SPLOST projects). Since the funds were not drawn down from GEFA until after August 31, 2013, an interfund receivable was recorded at year-end from the Water Fund. The County will reimburse the SPLOST Fund when the funds are received from GEFA.

Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	Water and Sewer Fund	$ 28,967
Nonmajor governmental funds	General Fund	115,888
Nonmajor enterprise fund	General Fund	198,392
		$ 343,247

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 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended August 31, 2013, the County paid $25,376 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 10. 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.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

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.

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2013, (the most recent actuarial valuation date) are as follows:

		January 1, 2013
Derivation of Annual Pension Cost		
Annual Required Contribution	$	652,729
Interest on Net Pension Obligation		3,224
Amortization of Net Pension Obligation		(3,450)
Annual Pension Cost	$	652,503
Derivation of Net Pension Obligation		
Annual Pension Cost for Prior Year	$	586,312
Actual Contributions to Plan for Prior Year		599,739
Decrease in Net Pension Obligation		(13,427)
Net Pension Obligation as of Beginning of Prior Year		55,030
Net Pension Obligation as of Beginning of the Year	$	41,603

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost (Continued)

Basis of Valuation	
Current Valuation Date	January 1, 2013
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

Trend Information for The Plan

Plan Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/2013	$ 0	$ N/A	N/A	$ 41,603
1/1/2012	586,312	599,739	102%	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)

As of the most recent valuation date, January 1, 2013, 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
12/31/2012	$ 5,910,480	$ 7,958,025	$ 2,047,545	74.3%	$ 4,970,076	41.2%

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.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2013.

NOTE 11. RISK MANAGEMENT

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

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

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 12. CONTINGENCIES AND COMMITMENTS

Grant Contingencies:

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

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at August 31, 2013, the County has contractual commitments on uncompleted contracts of approximately $257,565.

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.

NOTE 13. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No. 14 and 34)*, the County is required to present the Development Authority of Jones County as a blended component unit.

Therefore, in conjunction with the implementation of Statement No. 61, the following restatement was required to the beginning net position of the Governmental Activities to properly present the Development Authority of Jones County as a blended component unit:

Net position, Governmental Activities, previously reported	$	31,678,328
Presentation of the Development Authority as a blended component unit		(87,129)
Beginning net position, Governmental Activities, restated	$	31,591,199

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

NOTE 13. CHANGES IN ACCOUNTING PRINCIPLE (CONTINUED)

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Business-type Activities, the Water and Sewer Fund, and the Development Authority of Jones County to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position, Business-type Activities, previously reported	$	11,596,355
Recognition of issuance costs incurred in prior periods		(29,598)
Beginning net position, Business-type Activities, restated	$	11,566,757

Net position, Water and Sewer Fund, previously reported	$	11,130,298
Recognition of issuance costs incurred in prior periods		(29,598)
Beginning net position, Water and Sewer Fund, restated	$	11,100,700

Net position, Development Authority, previously reported	$	(74,848)
Recognition of issuance costs incurred in prior periods		(12,281)
Beginning net position, Development Authority, restated	$	(87,129)

NOTE 14. SUBSEQUENT EVENTS

During September 2013, the County entered into a loan agreement with the Georgia Environmental Finance Authority (GEFA) for the River North sanitation and sewer system in the amount of $1,326,319. This amount is to be repaid over the next 20 years at an interest rate of 1.4%.

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
12/31/2012	$ 5,910,480	$ 7,958,025	$ 2,047,545	74.3%	$ 4,970,076	41.2%
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%

The assumptions used in the preparation of the above schedule are disclosed in Note 10 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.

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Capital Projects Funds

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

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

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 GEFA loan.

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
ASSETS			
Cash	$ 80,521	$ 7,921	$ 10,539
Investments	-	-	33,842
Taxes receivable	-	-	-
Interest receivable	-	-	138
Accounts receivable	-	-	-
Due from other governments	-	445	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	$ 80,521	$ 8,366	$ 44,519
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,015	$ -	$ -
Accrued liabilities	-	1,897	431
Due to other funds	318	24,242	-
Total liabilities	2,333	26,139	431
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	-	-
Judicial	-	-	44,088
Public safety	78,188	-	-
Unassigned	-	(17,773)	-
Total fund balances (deficit)	78,188	(17,773)	44,088
Total liabilities and fund balances	$ 80,521	$ 8,366	$ 44,519

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Development Authority of Jones County
$ 110,579	$ 2,073	$ 18,736	$ 131,674
-	-	-	-
-	-	-	-
-	-	-	-
-	142,984	-	-
-	-	-	-
-	20,529	-	-
-	8,658	-	-
$ 110,579	$ 174,244	$ 18,736	$ 131,674
$ 2,699	$ 56	$ -	$ -
-	14,788	-	-
171	-	-	-
2,870	14,844	-	-
-	8,658	-	-
-	-	-	-
-	-	-	-
-	-	-	131,674
-	-	-	-
-	-	18,736	-
107,709	150,742	-	-
-	-	-	-
107,709	159,400	18,736	131,674
$ 110,579	$ 174,244	$ 18,736	$ 131,674

(Continued)

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

		Capital Projects	
	Impact Fee Fund	Capital Projects 2004 SPLOST Fund	2006 TEA Grant Fund
ASSETS			
Cash	$ 200,399	$ 2,389	$ 100
Investments	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	-	445
Due from other governments	-	-	98,906
Due from other funds	-	-	-
Prepaid items	-	35	-
Total assets	$ 200,399	$ 2,424	$ 99,451
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 604	$ 97,892
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	-	604	97,892
FUND BALANCES			
Nonspendable:			
Prepaid items	-	35	-
Restricted for:			
Capital projects	200,399	1,785	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	-	1,559
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	200,399	1,820	1,559
Total liabilities and fund balances	$ 200,399	$ 2,424	$ 99,451

CDBG Grant Fund	Debt Service River North Tax District Debt Service	Totals
$ -	$ 72,523	$ 637,454
-	-	33,842
-	39	39
-	-	138
-	-	143,429
-	-	99,351
-	-	20,529
-	-	8,693
$ -	$ 72,562	$ 943,475
$ -	$ -	$ 103,266
-	-	17,116
-	-	24,731
-	-	145,113
-	-	8,693
-	-	202,184
-	72,562	72,562
-	-	131,674
-	-	1,559
-	-	62,824
-	-	336,639
-	-	(17,773)
-	72,562	798,362
$ -	$ 72,562	$ 943,475

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
Revenues:			
Property tax	$ -	$ -	$ -
Intergovernmental	-	-	-
Fines and forfeitures	54,538	37,730	34,537
Charges for services	-	-	-
Impact fees	-	-	-
Investment income	97	2	312
Miscellaneous	-	-	-
Total revenues	54,635	37,732	34,849
Expenditures:			
Current:			
General	-	-	-
Judicial	-	-	30,938
Public safety	32,748	71,758	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	32,748	71,758	30,938
Excess (deficiency) of revenues over (under) expenditures	21,887	(34,026)	3,911
Other financing sources:			
Transfers in	-	34,021	-
Total other financing sources	-	34,021	-
Net change in fund balances	21,887	(5)	3,911
Fund balances (deficit), beginning of year	56,301	(17,768)	40,177
Fund balances (deficit), end of year	$ 78,188	$ (17,773)	$ 44,088

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Development Authority of Jones County
$ -	$ -	$ -	$ -
-	-	-	353,988
147,011	-	-	-
-	497,907	-	-
-	-	-	-
95	88	23	152
-	-	1,650	23
147,106	497,995	1,673	354,163
-	-	-	91,172
-	-	2,693	-
76,185	581,764	-	-
-	-	-	-
-	-	-	155,000
-	-	-	115,863
76,185	581,764	2,693	362,035
70,921	(83,769)	(1,020)	(7,872)
-	81,867	-	-
-	81,867	-	-
70,921	(1,902)	(1,020)	(7,872)
36,788	161,302	19,756	139,546
$ 107,709	$ 159,400	$ 18,736	$ 131,674

(Continued)

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

		Capital Projects	
	Impact Fee Fund	Capital Projects 2004 SPLOST Fund	2006 TEA Grant Fund
Revenues:			
Property tax	$ -	$ -	$ -
Intergovernmental			232,764
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Impact fees	48,600	-	-
Investment income	264	122	-
Miscellaneous	-	-	-
Total revenues	48,864	122	232,764
Expenditures:			
Current:			
General	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Capital outlay	-	233,029	205,267
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	233,029	205,267
Excess (deficiency) of revenues over (under) expenditures	48,864	(232,907)	27,497
Other financing sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	48,864	(232,907)	27,497
Fund balances (deficit), beginning of year	151,535	234,727	(25,938)
Fund balances (deficit), end of year	$ 200,399	$ 1,820	$ 1,559

CDBG Grant Fund	Debt Service River North Tax District Debt Service	Totals
$ -	$ 80,563	$ 80,563
7,340	-	594,092
-	-	273,816
-	-	497,907
-	-	48,600
-	-	1,155
-	-	1,673
7,340	80,563	1,497,806
-	37,172	128,344
-	-	33,631
-	-	762,455
7,340	-	445,636
-	-	155,000
-	-	115,863
7,340	37,172	1,640,929
-	43,391	(143,123)
-	28,967	144,855
-	28,967	144,855
-	72,358	1,732
-	204	796,630
$ -	$ 72,562	$ 798,362

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2004 ISSUE
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

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	284,487	233,029	517,516
Government center, courthouse, and civic center renovation	800,000	800,000	1,556,462	-	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	$ 12,290,936	$ 233,029	$ 12,523,965

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

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	$ 1,386,379	$ 771,786	$ 2,158,165
Recreation facilities and equipment	1,100,000	1,100,000	39,012	90,089	129,101
Public works capital projects	2,300,000	2,300,000	1,196,746	848,438	2,045,184
Sheriff's department capital improvements	1,125,000	1,125,000	374,355	179,709	554,064
Rehabilitation of government buildings, including animal control facility	100,000	100,000	74,596	21,490	96,086
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	900,599	76,192	976,791
Industrial park capital improvements	1,500,000	1,500,000	433,084	270,863	703,947
Lake Jonesco Golf Course capital improvements	425,000	425,000	349,071	35,678	384,749
City of Gray	2,688,000	2,688,000	1,462,249	409,058	1,871,307
Total	$ 14,000,000	$ 14,000,000	$ 6,216,091	$ 2,703,303	$ 8,919,394
	Intergovernmental revenue			478,380	
	Total 2009 SPLOST Fund expenditures			$ 3,181,683	

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, 2013

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court
Cash	$ 212,763	$ 73,337	$ 20,329	$ 9,153
Taxes receivable	122,232	-	-	-
Due from others	-	17,508	-	-
Total assets	$ 334,995	$ 90,845	$ 20,329	$ 9,153
LIABILITIES				
Due to others	$ 334,995	$ 90,845	$ 20,329	$ 9,153

Sheriff	Juvenile Court	Total
$ 128,729	$ 593	$ 444,904
-	-	122,232
-	-	17,508
$ 128,729	$ 593	$ 584,644
$ 128,729	$ 593	$ 584,644

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*

Board of Commissioners
of Jones County, Georgia
Gray, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia (the "County"), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Jones County Board of Health and the Development Authority of Jones County, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Jones County, Georgia's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
February 27, 2014

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

Report on Compliance For Each Major Federal Program

We have audited Jones County, Georgia's (the County) 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 the County's major federal programs for the year ended August 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
February 27, 2014

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

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	FY2013	$ 41,447
Total U.S. Department of Labor			41,447
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs			
Home Investment Partnerships Program	14.239	10iy-084-1-5321	7,340
Total U.S. Department of Housing and Urban Development			7,340
U.S. Department of Justice			
Direct Awards			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	B82-8-347	9,000
Total JAG Program Cluster			9,000
Passed through Council of Juvenile Court Judges			
Purchase of Services for Juvenile Offenders Program	16.523	JB-09ST-004	674
Total U.S. Department of Justice			9,674
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	CSSHPP-0007-00(603)	133,970
Transportation Enhancement Grant	20.205	TEE-0010-00(671)	30,244
Total Highway Planning and Construction Cluster			164,214
Section 5311 Grant - Transit Operating Assistance	20.509	GA-18-4032	77,546
Total U.S. Department of Transportation			241,760
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	GEFA-DW09-030	759,618
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CWSRF13-002	37,172
Total U.S. Environmental Protection Agency			796,790
U.S. Department of Homeland Security			
Direct Awards			
Homeland Security Grant Program	97.067	GAN#2009-SS-T9-0047	57,200
Passed through Georgia Emergency Management Agency			
Performance Partnership Agreement	97.042	OEM11-086	15,516
Performance Partnership Agreement	97.042	OEM12-086E01	13,256
Total U.S. Department of Homeland Security			85,972
Total Expenditures of Federal Awards			$ 1,182,983

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, 2013

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, 2013.

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	__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	Unmodified
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
66.468	U.S. Environmental Protection Agency: Capitalization Grants for Drinking 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, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2013 - 1. 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 Superior Court.

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, 2013

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.

Auditee response/status: Resolved.

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.

Auditee response/status: Resolved.

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: Partially resolved. See current finding 2013-1.

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 Form about Jones County, Georgia's compliance during the year ended August 31, 2013, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant #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, 2013, 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 27, 2014

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, 2013	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: August 31, 2013
G			
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$9,656.00	
I	Grant Receipts or Revenue Recognized	$0.00	$15,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$9,656.00	$15,000.00
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 2/27/14

Signature of Chief Financial Officer _____ Date 2/27/14