JONES COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2018

JONES COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

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MAULDIN & JENKINS

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Development Authority of Jones County, a blended component unit of Jones County, Georgia, which represents 17.10%, 19.8%, and 30.8%, respectively, of the assets, fund balance, and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Jones County Board of Health, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority of Jones County and the Jones County Board of Health, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, Georgia, as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 61), and the Schedule of County Contributions (on page 62) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the County.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019, 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 solely 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 21, 2019

As management of Jones County, Georgia, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended August 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at August 31, 2017, by $41,027,799 (net position) and at August 31, 2018, by $43,154,679 (net position). Of this amount, $2,428,444 (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 $835,465.

- At August 31, 2018, the County's total fund balances as summarized for all governmental fund types on page 19 of the financial statements were $9,672,998. At August 31, 2017, the County's total fund balances as summarized for all governmental funds were $8,803,962, a decrease of $869,036, or approximately 9.8%, from the 2017 fiscal year.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The County's increase in its unrestricted net position in 2017 and in 2018 continues to demonstrate an improvement in the County's financial position. Evaluation of the overall health of the County would extend to other non-financial factors such as the condition of the County infrastructure, in addition to the financial information provided in this report.

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

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

The business-type activities of the County include Water and Sewer fund. The government-wide financial statements include not only the County itself (known as the primary government), but also the Jones County Department of Public Health (discretely presented component unit; is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County) and the Jones County Development Authority (blended component unit; although a legally separate entity, is in substance, part of the County's operations). These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for the blended component unit is reported within the County's financial statements as a special revenue fund. Financial information for the discretely presented component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

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

Proprietary funds. The County uses an enterprise fund, also known as the business-type function, to account for the Jones County Water and Sewer Fund. The proprietary fund is reflected in the business-type activities of the government-wide financial statements.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $41,027,799 at the close of the 2017 fiscal year and by $43,154,679 at the close of the 2018 fiscal year, an increase of $2,126,880. Of the $41,027,799, $28,010,289 resulted from governmental activities and $13,017,510 resulted from the County's business-type activities in 2017. In comparison, for fiscal year 2018, of the $43,154,679, $28,128,645 resulted from the County's governmental activities and $15,026,034 resulted from the County's business-type activities.

By far, the largest portion of the County's net position (89% in 2017 and 87% in 2018) 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	
	2017	**2018**	2017	**2018**	2017	**2018**
Current and other assets	$10,176,191	**$ 10,895,374**	$ 1,167,742	**$ 2,161,367**	$11,343,933	**$13,056,741**
Capital assets	28,856,009	**27,959,112**	13,404,512	**15,468,619**	42,260,521	**43,427,731**
Total assets	39,032,200	**38,854,486**	14,572,254	**17,629,986**	53,604,454	**56,484,472**
Deferred outflows of resources	990,295	**637,322**	-	**-**	990,295	**637,322**
Other liabilities	1,318,938	**1,178,584**	285,820	**736,326**	1,604,758	**1,914,910**
Long-term liabilities outstanding	10,552,415	**9,768,812**	1,268,924	**1,867,626**	11,821,339	**11,636,438**
Total liabilities	11,871,353	**10,947,396**	1,554,744	**2,603,952**	13,426,097	**13,551,348**
Deferred inflows of resources	140,853	**415,767**	-	**-**	140,853	**415,767**
Net position:						
Net investment in capital assets	24,254,429	**24,025,535**	12,165,403	**13,633,824**	36,419,832	**37,659,359**
Restricted	3,755,475	**3,056,468**	17,027	**10,408**	3,772,502	**3,066,876**
Unrestricted	385	**1,046,642**	835,080	**1,381,802**	835,465	**2,428,444**
Total net position	$28,010,289	**$ 28,128,645**	$13,017,510	**$ 15,026,034**	$41,027,799	**$43,154,679**

An additional portion of the County's total net position (9% in 2017 and 7% in 2018) represents resources that are subject to external restrictions on how they may be used. The remaining balance of total unrestricted net position $835,465 in 2017 and $2,428,444 in 2018 will be used to meet the government's ongoing obligations to citizens and creditors.

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

Change in Net Position. Governmental activities increased the County's net position by $893,826 in 2017 and a decrease of $118,356 in 2018. Business-type activities decreased the County's net position by ($22,058) in 2017 and increased by $2,008,524 in 2018, respectively. Key elements of these are as follows:

Jones County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	**2018**	2017	**2018**	2017	**2018**
Revenues						
Program revenues:						
Charges for services	$ 2,464,066	**$ 2,568,269**	$ 2,374,069	**$ 2,570,371**	$ 4,838,135	**$ 5,138,640**
Operating grants and contributions	618,682	**660,103**	-	**-**	618,682	**660,103**
Capital grants and contributions	893,205	**1,692,344**	57,192	**407,639**	950,397	**2,099,983**
General revenues:						
Property taxes	11,937,291	**12,104,219**	-	**-**	11,937,291	**12,104,219**
Sales taxes	3,465,176	**3,677,677**	-	**-**	3,465,176	**3,677,677**
Other taxes	1,757,888	**1,864,784**	-	**-**	1,757,888	**1,864,784**
Unrestricted investment earnings	22,788	**25,867**	1,340	**2,535**	24,128	**28,402**
Total revenues	21,159,096	**22,593,263**	2,432,601	**2,980,545**	23,591,697	**25,573,808**
Expenses						
General government	4,440,359	**4,390,025**	-	**-**	4,440,359	**4,390,025**
Judicial	1,699,758	**1,631,631**	-	**-**	1,699,758	**1,631,631**
Public safety	7,288,570	**7,502,036**	-	**-**	7,288,570	**7,502,036**
Public works	4,267,001	**4,837,034**	-	**-**	4,267,001	**4,837,034**
Health and welfare	458,234	**408,776**	-	**-**	458,234	**408,776**
Culture and recreation	1,465,882	**1,536,464**	-	**-**	1,465,882	**1,536,464**
Housing and development	362,835	**639,405**	-	**-**	362,835	**639,405**
Interest on long-term debt	218,620	**182,957**	-	**-**	218,620	**182,957**
Water and sewer	-	**-**	2,518,670	**2,318,600**	2,518,670	**2,318,600**
Total expenses	20,201,259	**21,128,328**	2,518,670	**2,318,600**	22,719,929	**23,446,928**
Change in net position before transfers	957,837	**1,464,935**	(86,069)	**661,945**	871,768	**2,126,880**
Transfers	(64,011)	**(1,346,579)**	64,011	**1,346,579**	-	**-**
Change in net position	893,826	**118,356**	(22,058)	**2,008,524**	871,768	**2,126,880**
Net position, beginning	27,116,463	**28,010,289**	13,039,568	**13,017,510**	40,156,031	**41,027,799**
Net position, ending	$28,010,289	**$ 28,128,645**	$13,017,510	**$ 15,026,034**	$41,027,799	**$43,154,679**

Financial Analysis of the Government's Funds

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

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

At the end of the 2018 fiscal year, the County's governmental funds reported combined ending fund balances of $9,672,998, an increase of $869,036 in comparison with the prior year. Specifically, the restricted fund balance for debt service decreased by $47,663; the fund balance nonspendable for inventory increased by $6,476; nonspendable fund balance for prepaid items increased by $7,371; unassigned total governmental funds increased by $1,555,339; restricted fund balance for judicial and public safety decreased by $72,184; and restricted fund balance in the capital project funds decreased by $623,889. 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 $220,480. Approximately 64% of the combined fund balance constitutes unassigned fund balance $6,218,370, which is available for spending at the government's discretion. The remainder of the 2018 fund balance $3,454,628 is classified as nonspendable $398,160, and restricted $3,056,468 to indicate that it is not available for new spending because the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $6,247,402, while total fund balance of the General Fund reached $7,273,131. The 2018 unassigned fund balance of the General Fund increased $1,564,471 and the nonspendable fund balance increased $13,847. 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 36% of total General Fund expenditures, while total fund balance represents 42% of that same amount.

The fund balance of the County's total General Fund increased in the amount of $1,551,384 during the current fiscal year. The actual County's revenues collected in 2018 were more than anticipated by $233,789, and the expenditures were less than anticipated by $1,330,586. With the other financing sources and uses ($64,615), the net result is the increase of $1,551,384.

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

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 2018 fiscal year, the 2009 SPLOST Capital Projects Fund had a restricted fund balance of $471,546.

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

At the end of the current fiscal year, unrestricted net position of the Water and Sewer Fund was $1,381,802, an increase of $546,722, or 60% from 2017. The Water and Sewer Fund reflects restricted net position of $1,089 for debt service, and a decrease of $6,315. For the years ended August 31, 2018 and 2017, the proprietary funds had total net position of $15,026,034 and $13,017,510, respectively. This is an increase in total net position for the proprietary funds in the amount of $2,008,524.

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

	2017	**2018**
Net operating loss:	$ (106,870)	**$ 285,796**
Non-operating expenses	(36,391)	**(31,490)**
Loss before transfers and contributions	(143,261)	**254,306**
Capital Contributions	139,327	**1,782,047**
Transfers in (out)	(18,124)	**(27,829)**
Change in net position	$ (22,058)	**$ 2,008,524**

General Fund Budgetary Highlights

The major impact between the actual and the final amended budget was our government's current-year revenues were sufficient to pay for current-year services. Decrease in spending resulted in additional funds staying within contingency in general administration. With continued rising costs, which outpace moderate revenue increases, the County is steadily emerging from the recession and the collapse of the housing market in 2008. The actual net change in fund balance was an increase in the amount of $1,551,384. End of year actual fund balance is $7,273,131 in the General Fund, which will cover expenses for approximately four months.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of August 31, 2018, decreased $896,897 to $27,959,112 (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, 2018. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2018. The County's investment in capital assets for its business-type activities as of August 31, 2018 increased $2,064,107 to $15,468,612. 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	
	2017	**2018**	2017	**2018**	2017	**2018**
Land	$ 4,365,090	**$ 4,365,090**	$ 88,167	**$ 88,167**	$ 4,453,257	**$ 4,453,257**
Intangibles	42,640	**42,640**	-	**-**	42,640	**42,640**
Land improvements	3,084,000	**5,713,098**	-	**-**	3,084,000	**5,713,098**
Buildings and improvements	8,192,681	**7,810,798**	151,399	**145,797**	8,344,080	**7,956,595**
Machinery and equipment	1,679,230	**1,906,467**	319,437	**431,591**	1,998,667	**2,338,058**
Water system	-	**-**	11,475,768	**12,176,510**	11,475,768	**12,176,510**
Water storage tanks	-	**-**	618,148	**565,971**	618,148	**565,971**
RN sewer system	-	**-**	643,963	**600,764**	643,963	**600,764**
Pumping station	-	**-**	2,544	**(4,956)**	2,544	**(4,956)**
Infrastructure	6,468,764	**6,002,590**	-	**-**	6,468,764	**6,002,590**
Construction in progress	5,023,604	**2,118,429**	105,086	**1,464,775**	5,128,690	**3,583,204**
Total	$28,856,009	**$ 27,959,112**	$13,404,512	**$ 15,468,619**	$42,260,521	**$43,427,731**

Major projects in 2018 included the following:

- New TE Haddock Walkways (not completed)
- Passive Park Gov't Center (not completed)
- HWY 18 Recreation Expansion (not completed)
- Inclusive Playground (completed)
- Industrial Park-road infrastructure improvement (completed)
- Industrial Park-Sewer Force Main (not completed)
- Lite-N-Tie Booster Pump (not completed)
- Animal Control Facility (not completed)
- Government Plumbing Upgrade (not completed)
- Jail Expansion (not completed)
- Gray Hwy Water Lines (completed)
- River North Rehab-GEFA (completed)
- Drinking Water-GEFA-DWSRF 15018-Masseyville Filtration System (not completed)
- Sun Valley Sewer CDBG 15P-y-084-1-5748 (not completed)
- Hwy 49 Track (not completed)
- GEFA CWSRF-CW2016019-Sun Valley (not completed)
- Haddock/Baldwin Connect Water Main (completed)

Long-term debt. At the end of the current fiscal year, Jones County had total outstanding bonded debt of $2,075,000, which is secured solely by specified revenue services. The total long-term debt of the County, other than bonds, is $9,561,438.

- Capital Leases are used to finance new equipment in various departments.
- The Compensated Absences line item reflects the vacation pay employees have earned but not yet taken.
- The County closed its landfill located on Overland Way in 1996. Federal and state laws require maintenance and monitoring of the landfill for a period of 30 years. The County has 8 years of monitoring remaining. The costs of monitoring have been estimated based on what it would cost to perform all post-closure care in 2018. 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	$ 2,265,000	$ -	$ 190,000	$ 2,075,000	$ 195,000
Notes payable	3,441,095	-	216,394	3,224,701	221,967
Capital leases	283,148	173,806	226,453	230,501	93,888
Landfill post-closure	198,000	2,000	-	200,000	25,000
Compensated absences	552,975	274,646	251,371	576,250	461,000
Net pension liability	3,812,197	1,742,440	2,092,277	3,462,360	-
	$ 10,552,415	$ 2,192,892	$ 2,976,495	$ 9,768,812	$ 996,855
Business-type activities:					
Revenue bonds	$ 166,000	$ -	$ 166,000	$ -	$ -
Notes payable	1,073,109	1,212,095	450,409	1,834,795	44,071
Compensated absences	29,815	11,178	8,162	32,831	26,265
Total	$ 1,268,924	$ 1,223,273	$ 624,571	$ 1,867,626	$ 70,336

Economic Factors and Next Year's Budgets

- The unemployment rate for the County is at 4.0% which is lower than the Middle Georgia rate of 4.7%, and the State of Georgia rate of 4.3% (revised December 2017 data). (Unemployment rate per the County Labor Force Estimates from the Georgia Department of Labor website: www.dol.state.ga.us).
- The County anticipates an increase in the amount of Local Option Sales Tax Revenues in the future with the construction of the North Gray Bypass, which opened on Thursday, December 15, 2016. The work began in June of 2014 and was completed more than 6 months ahead of the estimated completion date of June 2017. The County, the City of Gray, and the City of Macon renegotiated its revenue sharing arrangements for LOST in 2015. The County will receive 82.5% and the City of Gray will receive 17.5%. These numbers were previously based on population as opposed to revenues. (Georgia Department of Revenue website: www.etax.dor.ga.gov).
- The value of the County's tax digest increased from $680,228,893 to $676,009,056, and the County has adopted a Freeport ordinance granting a 100% exemption to encourage and promote economic growth.
- The County's Net Maintenance and Operations (M&O) millage rate remained the same in the unincorporated area (16.197).

Requests for Information

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

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
AUGUST 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
ASSETS				
Cash and cash equivalents	$ 8,835,217	$ 1,321,492	$ 10,156,709	$ 1,056,772
Investments	800,956	-	800,956	-
Taxes receivable	217,544	-	217,544	-
Interest receivable	132	-	132	-
Accounts receivable, net of allowances	176,687	567,880	744,567	-
Due from other governments	466,669	-	466,669	20,108
Internal balances	9	(9)	-	-
Inventories	88,056	-	88,056	-
Prepaid items	310,104	15,198	325,302	-
Restricted assets, cash	-	256,806	256,806	-
Capital assets, nondepreciable	6,526,159	1,552,942	8,079,101	-
Capital assets, depreciable, net of accumulated depreciation	21,432,953	13,915,677	35,348,630	18,532
Total assets	38,854,486	17,629,986	56,484,472	1,095,412
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	29,636	-	29,636	-
Pension	607,686	-	607,686	117,107
Total deferred outflows of resources	637,322	-	637,322	117,107
LIABILITIES				
Accounts payable	926,969	542,989	1,469,958	5,245
Accrued liabilities	127,611	-	127,611	6,181
Due to other governments	30,811	-	30,811	18,135
Other current liabilities	93,193	-	93,193	-
Liabilities payable from restricted assets	-	193,337	193,337	-
Capital leases due within one year	93,888	-	93,888	-
Capital leases due in more than one year	136,613	-	136,613	-
Compensated absences due within one year	461,000	26,265	487,265	-
Compensated absences due in more than one year	115,250	6,566	121,816	27,833
Notes payable due within one year	221,967	44,071	266,038	-
Notes payable due in more than one year	3,002,734	1,790,724	4,793,458	-
Bonds payable due within one year	195,000	-	195,000	-
Bonds payable due in more than one year	1,880,000	-	1,880,000	-
Landfill post-closure costs due within one year	25,000	-	25,000	-
Landfill post-closure costs due in more than one year	175,000	-	175,000	-
Net OPEB liability	-	-	-	293,757
Net pension liability	3,462,360	-	3,462,360	367,916
Total liabilities	$ 10,947,396	$ 2,603,952	$ 13,551,348	$ 719,067

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
AUGUST 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County Board of Health
DEFERRED INFLOWS OF RESOURCES				
Pension	$ 415,767	$ -	$ 415,767	$ 30,739
Total deferred inflows of resources	415,767	-	415,767	30,739
NET POSITION				
Net investment in capital assets	24,025,535	13,633,824	37,659,359	18,532
Restricted for:				
Debt service	307	1,089	1,396	-
Renewal and replacement	-	9,319	9,319	-
Capital projects	2,505,958	-	2,505,958	-
Economic development	220,480	-	220,480	-
Judicial	52,331	-	52,331	-
Public safety	277,392	-	277,392	-
Unrestricted	1,046,642	1,381,802	2,428,444	444,181
Total net position	$ 28,128,645	$ 15,026,034	$ 43,154,679	$ 462,713

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

JONES COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

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	$ 4,390,025	$ 575,844	$ 66,576	$ -
Judicial	1,631,631	601,443	28,795	-
Public safety	7,502,036	823,093	100,820	-
Public works	4,837,034	256,102	74,709	1,362,522
Health and welfare	408,776	-	-	-
Culture and recreation	1,536,464	233,648	20,164	329,822
Housing and development	639,405	78,139	369,039	-
Interest on long-term debt	182,957	-	-	-
Total governmental activities	21,128,328	2,568,269	660,103	1,692,344
Business-type activities:				
Water and sewer	2,318,600	2,570,371	-	407,639
Total business-type activities	2,318,600	2,570,371	-	407,639
Total primary government	$ 23,446,928	$ 5,138,640	$ 660,103	$ 2,099,983
Component unit:				
Jones County Board of Health	$ 497,758	$ 261,795	$ 348,582	$ -
Total component unit	$ 497,758	$ 261,795	$ 348,582	$ -

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

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position				
				Component Unit
Governmental Activities	Business-type Activities	Total	Jones County Board of Health
$ (3,747,605)	$ -	$ (3,747,605)	$ -
(1,001,393)	-	(1,001,393)	-
(6,578,123)	-	(6,578,123)	-
(3,143,701)	-	(3,143,701)	-
(408,776)	-	(408,776)	-
(952,830)	-	(952,830)	-
(192,227)	-	(192,227)	-
(182,957)	-	(182,957)	-
(16,207,612)	-	(16,207,612)	-
-	659,410	659,410	-
-	659,410	659,410	-
(16,207,612)	659,410	(15,548,202)	-
-	-	-	112,619
-	-	-	112,619
12,104,219	-	12,104,219	-
3,677,677	-	3,677,677	-
1,519,767	-	1,519,767	-
113,406	-	113,406	-
92,967	-	92,967	-
138,644	-	138,644	-
25,867	2,535	28,402	637
(1,346,579)	1,346,579	-	-
16,325,968	1,349,114	17,675,082	637
118,356	2,008,524	2,126,880	113,256
28,010,289	13,017,510	41,027,799	349,457
$ 28,128,645	$ 15,026,034	$ 43,154,679	$ 462,713

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

	General	Capital Projects 2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 6,246,255	$ 1,596,625	$ 992,337	$ 8,835,217
Investments	766,256	-	34,700	800,956
Taxes receivable	217,474	-	70	217,544
Interest receivable	-	-	132	132
Accounts receivable	30,687	-	146,000	176,687
Due from other governments	134,691	265,280	66,698	466,669
Due from other funds	24,787	-	73,602	98,389
Inventories	88,056	-	-	88,056
Prepaid items	306,731	-	3,373	310,104
Total assets	$ 7,814,937	$ 1,861,905	$ 1,316,912	$ 10,993,754
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 202,419	$ 548,203	$ 176,347	$ 926,969
Accrued liabilities	127,611	-	-	127,611
Due to other governments	1,189	29,622	-	30,811
Due to other funds	73,602	-	24,778	98,380
Other current liabilities	93,193	-	-	93,193
Total liabilities	498,014	577,825	201,125	1,276,964
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	43,792	-	-	43,792
Total deferred inflows of resources	$ 43,792	$ -	$ -	$ 43,792

(Continued)

JONES COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

	General	Capital Projects 2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Inventories	$ 88,056	$ -	$ -	$ 88,056
Prepaid items	306,731	-	3,373	310,104
Restricted for:				
Capital projects	630,942	1,284,080	590,936	2,505,958
Debt service	-	-	307	307
Economic development	-	-	220,480	220,480
Judicial	-	-	52,331	52,331
Public safety	-	-	277,392	277,392
Unassigned	6,247,402	-	(29,032)	6,218,370
Total fund balances	7,273,131	1,284,080	1,115,787	9,672,998
Total liabilities, deferred inflows of resources, and fund balances	$ 7,814,937	$ 1,861,905	$ 1,316,912	

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.	27,959,112
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	43,792
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	607,686
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	(415,767)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,739,176)
Net position of governmental activities	$ 28,128,645

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, 2018

	General	Capital Projects 2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 15,597,928	$ 2,029,843	$ 28,408	$ 17,656,179
Licenses and permits	230,294	-	-	230,294
Intergovernmental	1,451,074	334,687	507,010	2,292,771
Fines and forfeitures	332,373	-	128,602	460,975
Charges for services	1,271,963	-	501,833	1,773,796
Investment income	23,859	2,753	3,236	29,848
Miscellaneous	157,239	-	1,660	158,899
Total revenues	19,064,730	2,367,283	1,170,749	22,602,762
Expenditures				
Current:				
General government	3,755,856	-	102,790	3,858,646
Judicial	1,528,630	-	81,533	1,610,163
Public safety	5,679,262	-	875,472	6,554,734
Public works	4,128,701	-	-	4,128,701
Health and welfare	387,679	-	-	387,679
Culture and recreation	1,491,501	-	43,060	1,534,561
Housing and development	339,968	-	-	339,968
Intergovernmental	-	355,223	-	355,223
Capital outlay	-	1,844,418	600,627	2,445,045
Debt service:				
Principal	128,877	180,838	251,620	561,335
Interest and fiscal charges	8,257	69,342	97,065	174,664
Total expenditures	17,448,731	2,449,821	2,052,167	21,950,719
Excess (deficiency) of revenues over (under) expenditures	$ 1,615,999	$ (82,538)	$ (881,418)	$ 652,043

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	General	Capital Projects 2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Capital leases	$ 173,806	$ -	$ -	$ 173,806
Proceeds from sale of assets	15,358	-	-	15,358
Transfers in	11,329	16,500	265,108	292,937
Transfers out	(265,108)	-	-	(265,108)
Total other financing sources (uses)	(64,615)	16,500	265,108	216,993
Net change in fund balances	1,551,384	(66,038)	(616,310)	869,036
Fund balance, beginning of year	5,721,747	1,350,118	1,732,097	8,803,962
Fund balance, end of year	$ 7,273,131	$ 1,284,080	$ 1,115,787	$ 9,672,998

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds.	$	869,036
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		546,391
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(1,443,288)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(9,499)
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.		453,748
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.		(298,032)
	$	118,356

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 12,075,603	$ 12,085,310	$ 12,085,310	$ -
Sales taxes	1,597,827	1,647,834	1,647,834	-
Other taxes	1,755,126	1,864,784	1,864,784	-
Licenses and permits	194,000	230,294	230,294	-
Intergovernmental	1,695,285	1,451,074	1,451,074	-
Fines and forfeitures	340,300	332,373	332,373	-
Charges for services	1,098,900	1,271,963	1,271,963	-
Investment income	18,000	23,859	23,859	-
Miscellaneous	55,900	157,239	157,239	-
Total revenues	18,830,941	19,064,730	19,064,730	-
Expenditures:				
Current:				
General government:				
Governing body	148,221	135,375	135,375	-
Chief executive	588,756	516,953	516,953	-
Elections	142,440	119,741	119,741	-
Law	165,991	148,080	148,080	-
Data processing	130,066	128,772	128,772	-
Tax commissioner	436,532	434,869	434,869	-
Tax assessor	354,368	342,744	342,744	-
Board of equalization	12,453	12,903	12,903	-
Risk management	257,777	263,775	263,775	-
Buildings and plant	549,100	511,377	511,377	-
Records management	862	712	712	-
General administration	1,318,782	1,140,555	1,140,555	-
Total general government	4,105,348	3,755,856	3,755,856	-
Judicial:				
Superior court	596,932	615,564	615,564	-
District attorney	145,719	124,289	124,289	-
Magistrate court	190,332	191,103	191,103	-
Probate court	290,066	277,834	277,834	-
Traffic court	41,537	39,002	39,002	-
Juvenile court	134,392	119,684	119,684	-
Operation early intervention	56,413	51,727	51,727	-
Public defender	109,427	109,427	109,427	-
Total judicial	1,564,818	1,528,630	1,528,630	-

(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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Public safety:				
Law enforcement administration	$ 3,182,681	$ 3,262,765	$ 3,262,765	$ -
Jail operations	1,737,252	1,702,413	1,702,413	-
Fire	54,939	52,592	52,592	-
Ambulance	1,200	1,217	1,217	-
Coroner	43,317	31,478	31,478	-
Animal control	160,819	195,866	195,866	-
Emergency management	418,616	432,931	432,931	-
Total public safety	5,598,824	5,679,262	5,679,262	-
Public works:				
Administration	4,114,125	2,877,262	2,877,262	-
Sanitary administration	314,440	318,028	318,028	-
DNR code enforcement	89,136	61,767	61,767	-
Solid waste collection	193,120	224,632	224,632	-
Recycling	279,768	283,744	283,744	-
Landfill	100,891	107,688	107,688	-
Public education	31,529	31,148	31,148	-
Maintenance and shop	231,245	224,432	224,432	-
Total public works	5,354,254	4,128,701	4,128,701	-
Health and welfare:				
Public health	109,346	109,346	109,346	-
Welfare	50,000	50,000	50,000	-
Older American Council	48,258	39,438	39,438	-
5311 transportation	181,863	188,895	188,895	-
Total health and welfare	389,467	387,679	387,679	-
Culture and recreation:				
Recreation centers	1,151,333	1,366,504	1,366,504	-
Jonesco restoration	4,850	5,274	5,274	-
Libraries	122,685	119,723	119,723	-
Total culture and recreation	1,278,868	1,491,501	1,491,501	-

(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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Housing and development:				
Agricultural resources	$ 94,377	$ 91,846	$ 91,846	$ -
Planning and zoning	171,040	164,997	164,997	-
Economic development	83,125	83,125	83,125	-
Total housing and development	348,542	339,968	339,968	-
Debt service				
Principal	129,392	128,877	128,877	-
Interest and fiscal charges	9,804	8,257	8,257	-
Total debt service	139,196	137,134	137,134	-
Total expenditures	18,779,317	17,448,731	17,448,731	-
Excess (deficiency) of revenues over (under) expenditures	51,624	1,615,999	1,615,999	-
Other financing sources (uses):				
Capital lease	-	173,806	173,806	-
Proceeds from sale of assets	2,500	15,358	15,358	-
Transfers in	13,594	11,329	11,329	-
Transfers out	(922,957)	(265,108)	(265,108)	-
Total other financing sources (uses)	(906,863)	(64,615)	(64,615)	-
Net change in fund balance	(855,239)	1,551,384	1,551,384	-
Fund balance, beginning of year	5,721,747	5,721,747	5,721,747	-
Fund balance, end of year	$ 4,866,508	$ 7,273,131	$ 7,273,131	$ -

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

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2018

	Major Enterprise Fund Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 1,321,492
Accounts receivable, net of allowances	567,880
Restricted assets, cash	256,806
Prepaid items	15,198
Total current assets	2,161,376
NONCURRENT ASSETS	
Capital assets	
Capital assets, nondepreciable	1,552,942
Capital assets, depreciable, net of accumulated depreciation	13,915,677
Total capital assets	15,468,619
Total noncurrent assets	15,468,619
Total assets	$ 17,629,995

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2018

	Major Enterprise Fund Water and Sewer Fund
LIABILITIES	
CURRENT LIABILITIES	
Payable from current assets:	
Accounts payable	$ 542,989
Compensated absences, current portion	26,265
Notes payable, current portion	44,071
Due to other funds	9
Total payable from current assets	613,334
Payable from restricted assets:	
Customer deposits payable	193,337
Total payable from restricted assets	193,337
Total current liabilities	806,671
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	6,566
Notes payable, net of current portion	1,790,724
Total noncurrent liabilities	1,797,290
Total liabilities	2,603,961
NET POSITION	
Net investment in capital assets	13,633,824
Restricted for:	
Debt service	1,089
Renewal and replacement	9,319
Unrestricted	1,381,802
Total net position	$ 15,026,034

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 FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	Major Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for services:	
Water sales pledged as security for revenue bonds	$ 1,950,190
Sewer sales	235,380
Connection fees	190,770
Other operating income	194,031
Total operating revenues	2,570,371
Operating expenses:	
Salaries and benefits	399,323
Purchased/contracted services	514,157
Supplies and materials	708,600
Other	3,316
Depreciation	659,179
Total operating expenses	2,284,575
Operating income	285,796
Non-operating revenues (expenses):	
Investment income	2,535
Interest expense	(34,025)
Total non-operating expenses	(31,490)
Income before capital contributions and transfers	254,306
Capital contributions	1,782,047
Transfers	
Transfers out	(27,829)
Total transfers	(27,829)
Change in net position	2,008,524
Net position, beginning of year	13,017,510
Net position, end of year	$ 15,026,034

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

JONES COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,260,830
Payments to suppliers and service providers	(819,602)
Payments to employees	(396,307)
Net cash provided by operating activities	1,044,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(27,829)
Net cash used in noncapital financing activities	(27,829)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(1,348,881)
Principal paid on bonds	(166,000)
Principal paid on notes payable	(42,770)
Proceeds from issuance of note payable	1,212,095
Interest paid	(35,405)
Net cash used in capital and related financing activities	(380,961)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	2,535
Net cash provided by investing activities	2,535
Net increase in cash and cash equivalents	638,666
Cash and cash equivalents:	
Beginning of year	939,632
End of year	$ 1,578,298

(Continued)

JONES COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	Major Enterprise Fund Water and Sewer Fund
Classified as:	
Cash and cash equivalents	$ 1,321,492
Restricted assets, cash and cash equivalents	256,806
	$ 1,578,298
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 285,796
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	659,179
Increase in accounts receivable	(320,518)
Increase in prepaid items	(13,577)
Increase in accounts payable	440,912
Increase in compensated absences	3,016
Decrease in due to other funds	(20,864)
Increase in customer deposits payable	10,977
Net cash provided by operating activities	$ 1,044,921
Noncash investing, capital and financing activities:	
Georgia Environmental Finance Authority loan forgiveness	$ 407,639
Contributions of capital assets from other funds	1,374,408
Total noncash investing, capital and financing activities	$ 1,782,047

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

JONES COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2018

	Agency Funds
ASSETS	
Cash	$ 518,096
Taxes receivable	97,656
Total assets	$ 615,752
LIABILITIES	
Due to others	$ 615,752

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

BASIC 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

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

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

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

Development Authority of Jones County, Georgia

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

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

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

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.

The ***Capital Projects 2015 SPLOST Fund*** is used to account for the financial resources provided from the 2015 1% Special Purpose Local Option Sales Tax.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

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

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

E. Interfund Receivables and Payables

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

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

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 their acquisition 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. Bond issuance costs are reported as expenses in the year the debt is issued.

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

L. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other than the items relating to the changes in the net pension liability as discussed on the following page, the County has one item that qualifies for reporting in this category, which arises only under a modified accrual basis of accounting. Accordingly, the item, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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

M. Fund Equity

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.

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

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

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

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

N. Use of Estimates

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

O. Pensions

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

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 difference are as follows:

Capital leases payable	$ (230,501)
Notes payable	(3,224,701)
Bonds payable	(2,075,000)
Deferred amount on refinancing	29,636
Landfill post-closure costs	(200,000)
Compensated absences	(576,250)
Net pension liability	(3,462,360)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (9,739,176)

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

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

Capital outlay	$ 2,250,387
Depreciation expense	(1,703,996)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 546,391

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 net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	$ (68,880)
Transfers of capital assets to other funds decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	$ (1,374,408)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ (1,443,288)

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 difference are as follows:

Debt incurred:	
Capital leases	$ (173,806)
Principal repayments:	
Capital leases	226,453
Notes payable	216,394
Revenue bonds	190,000
Landfill post-closure costs	(2,000)
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*	$ 453,748

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 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 difference are as follows:

Compensated absences	$	(23,275)
Net pension liability		349,837
Deferred outflows of resources		(349,680)
Deferred inflows of resources		(274,914)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(298,032)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County.

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

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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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

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

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

The supplementary budgetary appropriations made were not material.

Deficit Fund Equity. The Drug Education Fund and CDBG Grant Fund had deficit fund balances of $19,900 and $9,132, respectively, at August 31, 2018. The County plans to eliminate these deficits through transfers from the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of August 31, 2018, the County's only investments were certificates of deposit.

At August 31, 2018, the County had the following investments:

Investment	Maturities	Fair Value
Certificate of deposit	11 months	$ 766,256
Certificate of deposit	6 months	34,700
		$ 800,956

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, 2018, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

Fair Value Measurements. The County categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County's only investments as of August 31, 2018, are certificate of deposits, which are not subject to level disclosure.

NOTE 5. RECEIVABLES

Receivables at August 31, 2018, consist of the following:

	General	Water and Sewer	Nonmajor Funds	Total
Receivables:				
Taxes	$ 217,474	$ -	$ 70	$ 217,544
Interest	-	-	132	132
Accounts	30,687	634,256	146,000	810,943
Gross receivables	248,161	634,256	146,202	1,028,619
Less allowance	-	(66,376)	-	(66,376)
Net receivables	$ 248,161	$ 567,880	$ 146,202	$ 962,243

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

Upon completion of all assessments and tax returns, the information is turned over to the Jones County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated 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, 2017	January 1, 2017
Levy date	September 29, 2017	January 1, 2017
Due date and collection date	December 1, 2017	Staggered
Tax execution date/lien date	March 1, 2018	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 2017 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, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,365,090	$ -	$ -	$ -	$ 4,365,090
Intangibles	42,640	-	-	-	42,640
Construction in progress	5,023,604	994,238	-	(3,899,413)	2,118,429
Total	9,431,334	994,238	-	(3,899,413)	6,526,159
Capital assets, being depreciated:					
Land improvements	4,597,073	142,080	-	2,689,305	7,428,458
Buildings and improvements	15,825,933	37,478	-	-	15,863,411
Machinery and equipment	13,785,889	1,076,591	(488,728)	(164,300)	14,209,452
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	53,983,097	-	-	-	53,983,097
Total	88,251,587	1,256,149	(488,728)	2,525,005	91,544,013
Less accumulated depreciation for:					
Land improvements	1,513,073	202,287	-	-	1,715,360
Buildings and improvements	7,633,252	419,361	-	-	8,052,613
Machinery and equipment	12,106,659	616,174	(419,848)	-	12,302,985
Furniture and fixtures	59,595	-	-	-	59,595
Infrastructure	47,514,333	466,174	-	-	47,980,507
Total	68,826,912	1,703,996	(419,848)	-	70,111,060
Total capital assets, being depreciated, net	19,424,675	(447,847)	(68,880)	2,525,005	21,432,953
Governmental activities capital assets, net	$ 28,856,009	$ 546,391	$ (68,880)	$ (1,374,408)	$ 27,959,112

The above schedule includes the capital asset activity of the Development Authority of Jones County as of and for the year ended August 31, 2018. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2018.

Construction in progress in the amount of $1,210,108 was completed by the Governmental activities during the year ended August 31, 2018, 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	$ 88,167	$ -	$ -	$ -	$ 88,167
Construction in progress	105,086	1,328,381	-	31,308	1,464,775
Total	193,253	1,328,381	-	31,308	1,552,942
Capital assets, being depreciated:					
Buildings	232,699	-	-	-	232,699
Water system	18,095,218	-	-	1,178,797	19,274,015
Water storage tanks	3,934,738	-	-	-	3,934,738
River North sewer system	2,159,960	-	-	-	2,159,960
Pumping stations	333,125	-	-	-	333,125
Machinery and equipment	1,146,297	20,500	-	164,300	1,331,097
Total	25,902,037	20,500	-	1,343,097	27,265,634
Less accumulated depreciation for:					
Buildings	81,300	5,602	-	-	86,902
Water system	6,619,450	478,055	-	-	7,097,505
Water storage tanks	3,316,590	52,177	-	-	3,368,767
River North sewer system	1,515,997	43,199	-	-	1,559,196
Pumping stations	330,581	7,500	-	-	338,081
Machinery and equipment	826,860	72,646	-	-	899,506
Total	12,690,778	659,179	-	-	13,349,957
Total capital assets, being depreciated, net	13,211,259	(638,679)	-	1,343,097	13,915,677
Business-type activities capital assets, net	$ 13,404,512	$ 689,702	$ -	$ 1,374,405	$ 15,468,619

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 126,138
Public safety	737,254
Public works	588,660
Health and welfare	21,097
Culture and recreation	205,847
Housing and development	25,000
Total depreciation expense - governmental activities	$ 1,703,996
Business-type activities:	
Water and sewer	$ 659,179
Total depreciation expense - business-type activities	$ 659,179

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 283,148	$ 173,806	$ 226,453	$ 230,501	$ 93,888
Notes payable	3,441,095	-	216,394	3,224,701	221,967
Revenue bonds	2,265,000	-	190,000	2,075,000	195,000
Landfill post-closure	198,000	2,000	-	200,000	25,000
Compensated absences	552,975	274,646	251,371	576,250	461,000
Net pension liability	3,812,197	1,742,440	2,092,277	3,462,360	-
Totals	$ 10,552,415	$ 2,192,892	$ 2,976,495	$ 9,768,812	$ 996,855
Business-type activities:					
Revenue bonds	$ 166,000	$ -	$ 166,000	$ -	$ -
Notes payable	1,073,109	1,212,095	450,409	1,834,795	44,071
Compensated absences	29,815	11,178	8,162	32,831	26,265
Totals	$ 1,268,924	$ 1,223,273	$ 624,571	$ 1,867,626	$ 70,336

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, 2018. The Development Authority of Jones County is classified as a blended component unit of the County as of August 31, 2018.

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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

The following is an analysis of leased assets under capital leases as of August 31, 2018:

	Governmental Activities
Equipment	$ 173,806
Less: Accumulated depreciation	(17,381)
	$ 156,425

The County reported $17,381 of depreciation expense for governmental activities on the above leased assets for the fiscal year ended of August 31, 2018.

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

	Governmental Activities
Fiscal Year Ending August 31,	
2019	$ 99,447
2020	24,746
2021	24,746
2022	95,659
Total minimum lease payments	244,598
Less amount representing interest	(14,097)
Present value of future minimum lease payments	$ 230,501

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable. The County incurred debt of $1,326,319 to the Georgia Environmental Finance Authority for rehabilitation of sewage pump stations in the River North collection system during the current and prior years. Payments are due in monthly installments of $6,339 including interest at 1.4% through 2036. Payments will be made from a special tax district established for River North residents. Therefore, the debt is being shown in governmental activities. The outstanding balance at August 31, 2018, is $998,786.

Fiscal Year Ending August 31,	Principal	Interest
2019	$ 62,505	$ 13,566
2020	63,386	12,685
2021	64,279	11,792
2022	65,185	10,886
2023	66,103	9,968
2024-2028	344,753	35,604
2029-2033	332,575	10,727
	$ 998,786	$ 105,228

The County obtained a loan from a local financial institution dated May 1, 2015, in the original amount of $2,700,000 to be used for construction or improvements to the recreational complex. The loan is to be repaid in annual installments of $223,628, including interest at 2.98%, beginning June 1, 2015. The outstanding balance at August 31, 2018 is $2,225,915.

Fiscal Year Ending August 31,	Principal	Interest
2019	$ 159,462	$ 64,166
2020	164,280	59,348
2021	169,243	54,385
2022	174,356	49,272
2023	179,623	44,005
2024-2028	982,866	135,274
2029-2031	396,085	11,343
	$ 2,225,915	$ 417,793

The Water and Sewer Fund incurred debt of $1,499,520 to the Georgia Environmental Finance Authority for construction of various water and sewer system projects during current and prior years. Payments are due in monthly installments of $5,821 including interest at 3% through 2034. The outstanding balance at August 31, 2018, is $879,607.

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
2019	$ 44,071	$ 25,786
2020	45,412	24,445
2021	46,793	23,064
2022	48,216	21,641
2023	49,683	20,174
2024-2028	272,023	77,262
2029-2033	315,986	33,299
2034	57,423	792
	$ 879,607	$ 226,463

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements during current and prior years. The construction line of credit agreement is for $1,450,000, of which $843,974 has been drawn down as of August 31, 2018. Repayment will be determined when construction is complete and all draws have been made.

The Water and Sewer Fund incurred debt to the Georgia Environmental Finance Authority for water system infrastructure improvements during the year ended August 31, 2018. The construction line of credit agreement is for $1,887,000, of which $111,214 has been drawn down as of August 31, 2018. Repayment will be determined when construction is complete and all draws have been made.

Landfill Post-closure Costs. Effective December 20, 1996, the Jones County-Cumslo Road landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the landfill site for a period of 30 years. As of August 31, 2018, the County has approximately 10 years of monitoring remaining. The liability for the landfill post-closure care costs is estimated to be $200,000 as of August 31, 2018. These estimated costs are based on what it would cost to perform all post-closure care in 2018. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Development Authority – Blended Component Unit

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

On January 1, 2012, the Development Authority issued $3,100,000 in Series 2012 Revenue Bonds to refinance the outstanding 2007 Series Revenue Bonds to achieve a debt service savings. The 2012 Series Revenue Bonds mature on January 1, 2027 and pay interest at 3.75% on January 1 and July 1 in each year. The principal amount outstanding at August 31, 2018, was $2,075,000. Total interest costs incurred during the year ended August 31, 2018, were $82,614.

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

Fiscal Year Ending August 31,	Principal	Interest
2019	$ 195,000	$ 74,156
2020	205,000	66,656
2021	210,000	58,875
2022	220,000	50,813
2023	230,000	42,375
2024-2027	1,015,000	77,906
	$ 2,075,000	$ 370,781

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of August 31, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 9
General Fund	Nonmajor governmental funds	24,778
Nonmajor governmental funds	General Fund	73,602
		$ 98,389

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

Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	$ 265,108
General Fund	Water and Sewer Fund	11,329
2015 SPLOST	Water and Sewer Fund	16,500
		$ 292,937

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

NOTE 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended August 31, 2018, the County paid $24,721 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 10. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

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

Plan Membership

As of January 1, 2017, pension plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefits	69
Inactive plan member entitled to but not receiving benefits	114
Active plan members	146
	329

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended August 31, 2018, the County's contribution rate was 11.44% of annual payroll. County contributions to the Plan were $618,014 for the year ended August 31, 2018.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2017.

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00% - 6.50%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study through December 31, 2014.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
S&P 500	30 %	3.07 %
Barclay's Agg.	30	1.97
MSCI EAFE	15	0.86
Citi Non US WEBI	5	0.30
NARREIT Equity	5	0.52
Russell 2000	5	0.47
Russell 3000	5	0.51
S&P Mid Cap	5	0.58
	100 %	

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended August 31, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2017	$ 13,040,098	$ 9,227,901	$ 3,812,197
Changes for the year:			
Service cost	347,124	-	347,124
Interest	926,972	-	926,972
Differences between expected and actual experience	321,262	-	321,262
Assumption changes	30,244	-	30,244
Contributions - employer	-	618,014	(618,014)
Net investment income	-	1,455,828	(1,455,828)
Benefit payments, including refunds of employee contributions	(508,542)	(508,542)	-
Administrative expenses	-	(27,650)	27,650
Other changes	-	(70,753)	70,753
Net changes	1,117,060	1,466,897	(349,837)
Balances at August 31, 2018	$ 14,157,158	$ 10,694,798	$ 3,462,360

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
County's net pension liability	$ 5,228,662	$ 3,462,360	$ 1,977,610

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

Calculations are based on the substantive plan in effect as of December 31, 2017, and the current sharing pattern of costs between employer and employee.

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

For the year ended August 31, 2018, the County recognized pension expense of $892,771. At August 31, 2018, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 234,434	$ 92,392
Changes in actuarial assumptions	373,252	-
Net difference between projected and actual earnings on pension plan investments	-	323,375
Total	$ 607,686	$ 415,767

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

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

Year ending August 31:	
2019	$ 217,600
2020	162,569
2021	(36,542)
2022	(151,708)
	$ 191,919

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, 2018, the County has contractual commitments on uncompleted contracts of approximately $962,830.

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. TAX ABATEMENT AGREEMENTS

During the year ended August 31, 2017, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of August 31, 2018, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

The Jones County Board of Health, a discretely presented component unit of the County, determined that a restatement to beginning net position of the governmental activities was required to recognize the change in accounting principle for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of July 1, 2017. As such, the beginning net position of the governmental activities of the Jones County Board of Health has been decreased by $299,346 to reflect the OPEB related balances as of July 1, 2017.

NOTE 15. SUBSEQUENT EVENTS

On September 20, 2018, the County entered into a lease agreement in the amount of $2,614,800 for financing of the jail expansion. The County will pay 3.7% interest on the 17-year loan. Principal and interest payments will be payable monthly beginning October 29, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

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

	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015
Total pension liability				
Service cost	**$ 347,124**	$ 324,543	$ 299,633	$ 277,218
Interest on total pension liability	**926,972**	897,517	819,635	768,751
Differences between expected and actual experience	**321,262**	(94,090)	(123,231)	-
Changes of assumptions	**30,244**	379,132	430,230	-
Benefit payments, including refunds of employee contributions	**(508,542)**	(433,900)	(387,837)	(367,516)
Net change in total pension liability	**1,117,060**	1,073,202	1,038,430	678,453
Total pension liability - beginning	**13,040,098**	11,966,896	10,928,466	10,250,013
Total pension liability - ending (a)	**$ 14,157,158**	$ 13,040,098	$ 11,966,896	$ 10,928,466
Plan fiduciary net position				
Contributions - employer	**$ 618,014**	$ 762,758	$ 693,225	$ 717,167
Net investment income	**1,455,828**	600,454	66,971	531,129
Benefit payments, including refunds of employee contributions	**(508,542)**	(418,217)	(373,819)	(354,232)
Administrative expenses	**(27,650)**	(31,398)	(26,946)	(25,266)
Other	**(70,753)**	(97,403)	(68,926)	(69,445)
Net change in fiduciary net position	**1,466,897**	816,194	290,505	799,353
Plan fiduciary net position - beginning	**9,227,901**	8,411,707	8,121,202	7,321,849
Plan fiduciary net position - ending (b)	**$ 10,694,798**	$ 9,227,901	$ 8,411,707	$ 8,121,202
County's net pension liability - ending (a) - (b)	**$ 3,462,360**	$ 3,812,197	$ 3,555,189	$ 2,807,264
Plan fiduciary net position as a percentage of total pension liability	**75.54%**	70.77%	70.29%	74.31%
Covered-employee payroll	**$ 5,143,692**	$ 5,181,181	$ 4,842,493	$ 4,725,798
County's net pension liability as a percentage of covered-employee payroll	**67.31%**	73.58%	73.42%	59.40%

Notes to the Schedule

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2018	2017	2016	2015	2014
Actuarially determined contribution	**$ 672,711**	$ 606,990	$ 560,714	$ 615,875	$ 610,102
Contributions in relation to the actuarially determined contribution	**618,014**	762,758	693,225	717,167	652,729
Contribution deficiency (excess)	**$ 54,697**	$ (155,768)	$ (132,511)	$ (101,292)	$ (42,627)
Covered-employee payroll	**$ 5,400,590**	$ 5,440,240	$ 4,842,493	$ 4,725,798	$ 4,888,278
Contributions as a percentage of covered-employee payroll	**11.44%**	14.02%	14.32%	15.18%	13.35%

Notes to the Schedule

Valuation Date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return on Investments	7.25%
Projected Salary Increases	4.00% - 6.50% (including 3.00% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Debt Service Funds

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

Capital Projects Funds

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

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

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

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

The ***Capital Projects 2009 SPLOST Fund*** is used to account for the financial resources provided from the 2009 1% Special Purpose Local Option Sales Tax.

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

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2018

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
ASSETS			
Cash	$ 11,552	$ 3,341	$ 5,807
Investments	-	-	34,700
Taxes receivable	-	-	-
Interest receivable	-	-	132
Accounts receivable	-	-	-
Due from other governments	-	1,322	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	$ 11,552	$ 4,663	$ 40,639
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 631	$ -	$ -
Due to other governments	-	-	-
Due to other funds	-	24,563	215
Total liabilities	631	24,563	215
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Judicial	-	-	40,424
Public safety	10,921	-	-
Unassigned	-	(19,900)	-
Total fund balances (deficits)	10,921	(19,900)	40,424
Total liabilities and fund balances	$ 11,552	$ 4,663	$ 40,639

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Development Authority of Jones County	Debt Service River North Tax District Debt Service
$ 48,574	$ 526	$ 11,907	$ 225,158	$ 237
-	-	-	-	-
-	-	-	-	70
-	-	-	-	-
-	146,000	-	-	-
-	-	-	-	-
-	73,602	-	-	-
-	3,373	-	-	-
$ 48,574	$ 223,501	$ 11,907	$ 225,158	$ 307
$ 2,231	$ -	$ -	$ 4,679	$ -
-	-	-	-	-
-	-	-	-	-
2,231	-	-	4,679	-
-	3,373	-	-	-
-	-	-	-	-
-	-	-	-	307
-	-	-	220,479	-
-	-	11,907	-	-
46,343	220,128	-	-	-
-	-	-	-	-
46,343	223,501	11,907	220,479	307
$ 48,574	$ 223,501	$ 11,907	$ 225,158	$ 307

(Continued)

JONES COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2018

			Capital Projects
	Impact Fee Fund	CDBG Grant Fund	2006 TEA Grant Fund
ASSETS			
Cash	$ 119,290	$ 100	$ 4,245
Investments	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	65,376	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	$ 119,290	$ 65,476	$ 4,245
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 74,608	$ 4,145
Due to other funds	-	-	-
Total liabilities	-	74,608	4,145
FUND BALANCES			
Prepaid items	-	-	-
Restricted for:			
Capital projects	119,290	-	100
Debt service	-	-	-
Economic development	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	(9,132)	-
Total fund balances (deficits)	119,290	(9,132)	100
Total liabilities and fund balances	$ 119,290	$ 65,476	$ 4,245

CHIP Grant Fund	Capital Projects 2009 SPLOST	Central Complex Hwy Expansion Fund	Totals
$ 1	$ 561,599	$ -	$ 992,337
-	-	-	34,700
-	-	-	70
-	-	-	132
-	-	-	146,000
-	-	-	66,698
-	-	-	73,602
-	-	-	3,373
$ 1	$ 561,599	$ -	$ 1,316,912
$ -	$ 90,053	$ -	$ 176,347
-	-	-	24,778
-	90,053	-	201,125
-	-	-	3,373
-	471,546	-	590,936
-	-	-	307
1	-	-	220,480
-	-	-	52,331
-	-	-	277,392
-	-	-	(29,032)
1	471,546	-	1,115,787
$ 1	$ 561,599	$ -	$ 1,316,912

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	Special Revenue		
	Jail Improvement Fund	Drug Education Fund	Law Library Fund
Revenues:			
Property tax	$ -	$ -	$ -
Sales tax	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	36,895	39,643	15,804
Charges for services	-	-	-
Investment income	104	5	231
Miscellaneous	-	-	-
Total revenues	36,999	39,648	16,035
Expenditures:			
Current:			
General	-	-	-
Judicial	-	-	14,878
Public safety	74,600	78,753	-
Culture and recreation	-	-	-
Intergovernmental	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	74,600	78,753	14,878
Excess (deficiency) of revenues over (under) expenditures	(37,601)	(39,105)	1,157
Other financing sources:			
Transfers in	-	39,105	-
Total other financing sources	-	39,105	-
Net change in fund balances	(37,601)	-	1,157
Fund balances (deficit), beginning of year	48,522	(19,900)	39,267
Fund balances (deficits), end of year	$ 10,921	$ (19,900)	$ 40,424

Confiscation Fund	Enhanced 911 Fund	Juvenile Costs and Fees Fund	Development Authority of Jones County	Debt Service River North Tax District Debt Service
$ -	$ -	$ -	$ -	$ 28,408
-	-	-	-	-
-	-	-	359,439	-
36,260	-	-	-	-
-	501,833	-	-	-
60	39	14	1,217	-
-	-	1,660	-	-
36,320	501,872	1,674	360,656	28,408
-	-	-	90,675	-
-	-	3,110	-	-
14,855	707,264	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	190,000	61,620
-	-	-	82,614	14,451
14,855	707,264	3,110	363,289	76,071
21,465	(205,392)	(1,436)	(2,633)	(47,663)
-	205,392	-	-	-
-	205,392	-	-	-
21,465	-	(1,436)	(2,633)	(47,663)
24,878	223,501	13,343	223,112	47,970
$ 46,343	$ 223,501	$ 11,907	$ 220,479	$ 307

(Continued)

JONES COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

			Capital Projects
	Impact Fee Fund	CDBG Grant Fund	2006 TEA Grant Fund
Revenues:			
Property tax	$ -	$ -	$ -
Intergovernmental	-	69,126	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Investment income	338	-	-
Miscellaneous	-	-	-
Total revenues	338	69,126	-
Expenditures:			
Current:			
General	12,115	-	-
Judicial	63,545	-	-
Public safety	-	-	-
Culture and recreation	43,060	-	-
Capital outlay	-	78,358	20,611
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	118,720	78,358	20,611
Excess (deficiency) of revenues over (under) expenditures	(118,382)	(9,232)	(20,611)
Other financing sources:			
Transfers in	-	-	20,611
Total other financing sources	-	-	20,611
Net change in fund balances	(118,382)	(9,232)	-
Fund balances (deficit), beginning of year	237,672	100	100
Fund balances (deficits), end of year	$ 119,290	$ (9,132)	$ 100

CHIP Grant Fund	Capital Projects 2009 SPLOST	Central Complex Hwy Expansion Fund	Totals
$ -	$ -	$ -	$ 28,408
78,445	-	-	507,010
-	-	-	128,602
-	-	-	501,833
-	1,212	16	3,236
-	-	-	1,660
78,445	1,212	16	1,170,749
-	-	-	102,790
-	-	-	81,533
-	-	-	875,472
-	-	-	43,060
87,995	251,389	162,274	600,627
-	-	-	251,620
-	-	-	97,065
87,995	251,389	162,274	2,052,167
(9,550)	(250,177)	(162,258)	(881,418)
-	-	-	265,108
-	-	-	265,108
(9,550)	(250,177)	(162,258)	(616,310)
9,551	721,723	162,258	1,732,097
$ 1	$ 471,546	$ -	$ 1,115,787

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

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	$ 2,761,817	$ -	$ 2,761,817
Recreation facilities and equipment	1,100,000	1,100,000	1,043,858	1,020	1,044,878
Public works capital projects	2,300,000	2,574,319	2,574,319	90,033	2,664,352
Sheriff's department capital improvements	1,125,000	1,125,000	934,846	-	934,846
Rehabilitation of government buildings, including animal control facility	100,000	110,630	167,144	128,300	295,444
Renovation of Old Clinton Tanyard	250,000	250,000	33,000	-	33,000
Library capital improvements	200,000	200,000	-	285	285
Emergency management facilities and equipment	1,312,000	1,781,147	1,781,147	31,751	1,812,898
Industrial park capital improvements	1,500,000	1,500,000	1,288,251	-	1,288,251
Lake Jonesco Golf Course capital improvements	425,000	425,000	422,565	-	422,565
City of Gray	2,688,000	2,688,000	2,556,925	-	2,556,925
Total	$ 14,000,000	$ 14,754,096	$ 13,563,872	$ 251,389	$ 13,815,261

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

Project Description	Original Estimated Cost	Other Funding Sources	Current Estimated Cost	Expenditures		
				Prior Years	Current Year	Total
Water and sewer improvements for Jones County	$ 1,300,000	$ -	$ 1,300,000	$ 509,530	$ 440,695	$ 950,225
Park and recreation capital projects	1,400,000	-	1,400,000	453,183	223,628	676,811
Public works capital projects	1,300,000	-	1,300,000	131,892	47,852	179,744
Sheriff's vehicles	1,280,000	-	1,280,000	426,183	212,786	638,969
Emergency management capital projects	1,000,000	-	1,000,000	-	444,972	444,972
Buildings, including tax office	300,000	-	300,000	9,367	3,624	12,991
Industrial park sewer	700,000	-	700,000	-	-	-
Community parks	100,000	-	100,000	82,250	-	82,250
Library capital improvements	275,000	329,806	604,806	-	359,194	359,194
Administrative, legal fees, and interest	25,000	-	25,000	187	-	187
Industrial park debt	1,600,000	-	1,600,000	281,433	272,614	554,047
Animal control facility	200,000	-	200,000	111,525	89,233	200,758
Highway 49 track	300,000	-	300,000	9,200	-	9,200
Lake Jonesco Golf Course	120,000	-	120,000	45,337	-	45,337
City of Gray	2,100,000	-	2,100,000	734,735	355,223	1,089,958
Total	$ 12,000,000	$ 329,806	$ 12,329,806	$ 2,794,822	$ 2,449,821	$ 5,244,643

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, 2018

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court
Cash	$ 358,907	$ 25,589	$ 25,034	$ 6,329
Taxes receivable	97,656	-	-	-
Total assets	$ 456,563	$ 25,589	$ 25,034	$ 6,329
LIABILITIES				
Due to others	$ 456,563	$ 25,589	$ 25,034	$ 6,329

Sheriff	Juvenile Court	Total
$ 101,999	$ 238	$ 518,096
-	-	97,656
$ 101,999	$ 238	$ 615,752
$ 101,999	$ 238	$ 615,752

COMPLIANCE SECTION

MAULDIN & JENKINS

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, 2018, 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 21, 2019. Our report includes a reference to other auditors who audited the financial statements of the Jones County Board of Health and the Development Authority of Jones County, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
February 21, 2019

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
February 21, 2019

JONES COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs			
Community Development Block Grant	14.228	CDBG 15P-Y-084-1-5748	$ 69,126
Community Home Investment Program	14.239	CHIP 2016-107	78,445
Total U.S. Department of Housing and Urban Development			147,571
U.S. Department of Labor			
Passed through Middle Georgia Regional Commission			
Senior Community Service Employment Program	17.235	FY2018	2,013
Total U.S. Department of Labor			2,013
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	TEE-0010-00(671)	16,489
Total Highway Planning and Construction Cluster			16,489
Section 5311 Grant - Transit Operating Assistance	20.509	GA-18-4032	72,874
Direct Awards			
Operation Early Intervention	20.6	SADD-2018-Jones Coun-00032	1,835
Total Highway Safety Cluster			1,835
Total U.S. Department of Transportation			91,198
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	GEFA-CW2016019	141,731
Total Clean Water State Revolving Fund Cluster			141,731
Passed through Georgia Environmental Facilities Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	GEFA-DWSRF15-018	842,827
Total Clean Water State Revolving Fund Cluster			842,827
Total U.S. Environmental Protection Agency			984,558
U.S. Department of Homeland Security			
Direct Awards			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.067	FEMA-4165-DR-GA	63,143
Passed through Georgia Emergency Management Agency			
Performance Partnership Agreement	97.042	OEM15-086S01	8,457
Total U.S. Department of Homeland Security			71,600
Total Expenditures of Federal Awards			$ 1,296,940

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

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 the Uniform Guidance?	____ 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 Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

JONES COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

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, 2018

None reported.