

**COUNTY OF JONES**  
Trenton, North Carolina

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2011**

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Trenton, North Carolina

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**For The Fiscal Year Ended June 30, 2011**

Prepared By  
**BARROW, PARRIS & DAVENPORT, P.A.**  
Certified Public Accountants  
Kinston, North Carolina

**JONES COUNTY, NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

**Joseph F. Wiggins**  
Chairman

**Sondra I. Riggs**

**Mike Haddock**

**Frank Emory**

**Zack Koonce**

**COUNTY OFFICIALS**

**Franky Howard**  
County Manager

**Wayne Vanderford**  
Tax Supervisor/Collector

**Melissa Moore-Freeman**  
Finance Officer

**Susan Gray**  
Register of Deeds

**Thelma Simmons**  
Social Services Director

**Danny Heath**  
Sheriff

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**FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

The Board of County Commissioners  
Jones County, North Carolina

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, North Carolina as of and for the year then ended June 30, 2011, which collectively comprise Jones County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jones County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Jones County ABC Board were audited in accordance with auditing standards generally accepted in the United States of America and were not required to be audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board and the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules, budgetary schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Barrow, Parris & Davenport, P.A.*

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BARROW, PARRIS & DAVENPORT, P.A.

November 30, 2011

## Management's Discussion and Analysis

As management of Jones County, we offer readers of Jones County's financial statements this narrative overview and analysis of the financial activities of Jones County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

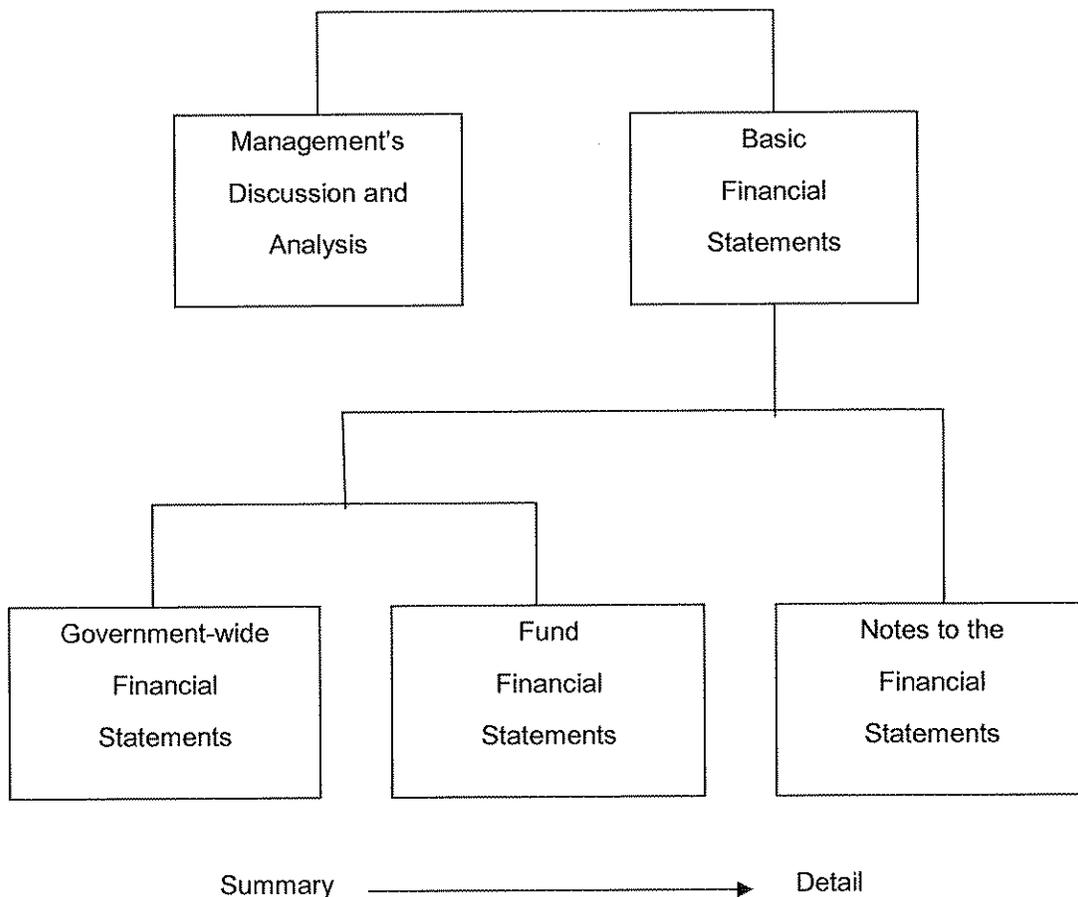
- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$20,611,695 (*net assets*).
- The government's total net assets increased by \$59,236, primarily due to increased net assets in the governmental funds. This compares to an increase of \$463,373 in 2010.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general, special revenue and capital projects funds) reported combined ending fund balances of \$8,863,701, a decrease of \$228,793 in comparison with the prior year. At June 30, 2011, approximately 52.46% of this total amount or \$4,649,971 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,511,135, or 20.26% of total general fund expenditures for the fiscal year.
- Jones County's total debt increased by \$2,368,683 (71.56%) during the current fiscal year. The key factors in this increase are the \$2.5 million in Qualified School Construction Bonds issued for the construction of the Jones Senior High School gymnasium. In addition, the County incurred a new installment purchase obligation for the purchase of an ambulance.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jones County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Jones County.

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Required Components of Annual Financial Report  
Figure 1



**Basic Financial Statements**

**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plan.

**Management's Discussion and Analysis (continued)**  
**County of Jones**

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the water service offered by Jones County. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jones County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Jones County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Jones County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Management's Discussion and Analysis (continued)**  
**County of Jones**

**Proprietary Funds** – Jones County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Jones County uses enterprise funds to account for its water activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Jones County has one fiduciary fund, which is an agency fund.

**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. The notes to the financial statements start on page 23 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Jones County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Jones County exceeded liabilities by \$20,611,695 as of June 30, 2011. As of June 30, 2010, the net assets of Jones County stood at \$20,552,459. The County's net assets increased by \$59,236 for the fiscal year ended June 30, 2011, compared to an increase of \$463,373 in 2010. One of the largest portions (48.7%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net assets \$4,648,052 (22.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,934,541 is unrestricted. In 2010, the amount of net assets invested in capital assets net of related debt was \$9,905,968, with restricted assets standing at \$29,194. The remaining \$10,617,297 was unrestricted net assets for that year.

**Jones County's Net Assets**

**Figure 2**

|   | Governmental Activities |                     | Business-Type Activities |                    | Totals              |                     |
|---|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|   | 2011                    | 2010                | 2011                     | 2010               | 2011                | 2010                |
| Current and other assets                        | \$11,010,314            | \$10,333,249        | \$1,660,160              | \$1,741,212        | \$12,670,474        | \$12,074,461        |
| Capital assets                                  | 8,446,759               | 5,967,538           | 6,829,752                | 6,766,743          | 15,276,511          | 12,734,281          |
| <b>Total assets</b>                             | <b>\$19,457,073</b>     | <b>\$16,300,787</b> | <b>\$8,489,912</b>       | <b>\$8,507,955</b> | <b>\$27,946,985</b> | <b>\$24,808,742</b> |
| Current Liabilities                             | \$1,209,693             | \$536,530           | \$137,836                | \$117,198          | \$1,347,529         | \$653,728           |
| Long-Term Liabilities                           | 5,463,463               | 3,084,238           | 524,298                  | 518,317            | 5,987,761           | 3,602,555           |
| <b>Total liabilities</b>                        | <b>\$6,673,156</b>      | <b>\$3,620,768</b>  | <b>\$662,134</b>         | <b>\$635,515</b>   | <b>\$7,335,290</b>  | <b>\$4,256,283</b>  |
| Net assets:                                     |                         |                     |                          |                    |                     |                     |
| Invested in capital assets, net of related debt | \$3,688,978             | \$3,634,150         | \$6,340,124              | \$6,271,818        | \$10,029,102        | \$9,905,968         |
| Restricted                                      | 4,648,052               | 29,194              |                          |                    | 4,648,052           | 29,194              |
| Unrestricted                                    | 4,446,887               | 9,016,675           | 1,487,654                | 1,600,622          | 5,934,541           | 10,617,297          |
| <b>Total net assets</b>                         | <b>\$12,783,917</b>     | <b>\$12,680,019</b> | <b>\$7,827,778</b>       | <b>\$7,872,440</b> | <b>\$20,611,695</b> | <b>\$20,552,459</b> |

**Management's Discussion and Analysis (continued)**  
**County of Jones**

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 92.29% which is slightly down from last year's collection rate of 94.55%.
- Jones County Administration, including all department heads and employees, has strived to reduce spending to stay in line with reduced revenues.
- Jones County has also begun utilizing an outside collection agency to collect outstanding utility bills.

**Jones County's Changes in Net Assets**

**Figure 3**

|  | Governmental Activities |                     | Business-Type Activities |                    | Totals              |                     |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
|  | 2011                    | 2010                | 2011                     | 2010               | 2011                | 2010                |
| <b>Revenues:</b>   |                         |                     |                          |                    |                     |                     |
| Program revenues:  |                         |                     |                          |                    |                     |                     |
| Charges for services   | \$1,158,753             | \$1,079,018         | \$981,480                | \$902,272          | \$2,140,233         | \$1,981,290         |
| Operating grants and contributions                           | 5,552,154               | 4,840,128           |                          |                    | 5,552,154           | 4,840,128           |
| Capital grants and contributions                             |                         |                     |                          | 30,000             |                     | 30,000              |
| General revenues:  |                         |                     |                          |                    |                     |                     |
| Property taxes   | 5,225,166               | 5,053,235           |                          |                    | 5,225,166           | 5,053,235           |
| Other taxes  | 1,010,303               | 1,141,526           |                          |                    | 1,010,303           | 1,141,526           |
| Grants and contributions not restricted to specific programs | 232,793                 | 108,446             |                          |                    | 232,793             | 108,446             |
| Other  | 113,069                 | 94,530              | 921                      |                    | 113,990             | 94,530              |
| <b>Total revenues</b>  | <b>\$13,292,238</b>     | <b>\$12,316,883</b> | <b>\$982,401</b>         | <b>\$932,272</b>   | <b>\$14,274,639</b> | <b>\$13,249,155</b> |
| <b>Expenses:</b>   |                         |                     |                          |                    |                     |                     |
| General government   | \$2,231,755             | \$1,908,300         |                          |                    | \$2,231,755         | \$1,908,300         |
| Public safety  | 2,720,113               | 2,466,926           |                          |                    | 2,720,113           | 2,466,926           |
| Environmental Protection                                     | 567,781                 | 402,665             |                          |                    | 567,781             | 402,665             |
| Economic and physical development                            | 1,040,889               | 298,224             |                          |                    | 1,040,889           | 298,224             |
| Human services   | 4,597,096               | 4,697,260           |                          |                    | 4,597,096           | 4,697,260           |
| Cultural and recreation                                      | 237,020                 | 222,400             |                          |                    | 237,020             | 222,400             |
| Education  | 1,783,600               | 1,792,672           |                          |                    | 1,783,600           | 1,792,672           |
| Interest on long-term debt                                   | 75,086                  | 70,926              |                          |                    | 75,086              | 70,926              |
| Water  |                         |                     | \$962,063                | \$926,409          | 962,063             | 926,409             |
| <b>Total expenses</b>  | <b>\$13,253,340</b>     | <b>\$11,859,373</b> | <b>\$962,063</b>         | <b>\$926,409</b>   | <b>\$14,215,403</b> | <b>\$12,785,782</b> |
| <b>Increase in net assets before transfer:</b>               | <b>\$38,898</b>         | <b>\$457,510</b>    | <b>\$20,338</b>          | <b>\$5,863</b>     | <b>\$59,236</b>     | <b>\$463,373</b>    |
| Transfers  | 65,000                  | 55,678              | (65,000)                 | (55,678)           |                     |                     |
| <b>Increase (Decrease) in net assets</b>                     | <b>\$103,898</b>        | <b>\$513,188</b>    | <b>(\$44,662)</b>        | <b>(\$49,815)</b>  | <b>\$59,236</b>     | <b>\$463,373</b>    |
| Net assets, July 1   | 12,680,019              | 12,166,831          | 7,872,440                | 7,922,255          | 20,552,459          | 20,089,086          |
| <b>Net assets, June 30</b>                                   | <b>\$12,783,917</b>     | <b>\$12,680,019</b> | <b>\$7,827,778</b>       | <b>\$7,872,440</b> | <b>\$20,611,695</b> | <b>\$20,552,459</b> |

**Management's Discussion and Analysis (continued)**  
**County of Jones**

**Governmental Activities.** Governmental activities increased the County's net assets by \$103,898 compared to an increase of \$513,188 in 2010. Key elements of the increase in 2011 are as follows:

- The Board of County Commissioners has continued to operate the county within a lean and conservative budget.
- Monthly review by the Finance Officer and the County Manager of the year to date expenditures will ensure that the county remains within the approved operating budget.

**Business-type activities:** Business-type activities decreased Jones County's net assets by \$44,662 compared to a decrease of \$49,815 in 2010. Key elements of this decrease in 2011 are as follows:

- The County has begun a \$750,000 capital project to add a well to the water system. This project has required matching funds from the Jones County Water System.

***Financial Analysis of the County's Funds***

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

**Governmental Funds.** The focus of Jones County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Jones County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$6,495,565, while total fund balance reached \$8,196,857. Of this fund balance available, \$2,628,421 is restricted, \$764,027 is committed, and \$591,982 is assigned, leaving \$2,511,135 unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20.26% of total General Fund expenditures, while total fund balance represents 66.15% of that same amount. The Governing Body of Jones County has determined that the county should maintain an available fund balance between 18% and 24% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2011, Jones County is within the range established by the Board.

At June 30, 2011, the governmental funds of Jones County reported a combined fund balance of \$8,863,701 compared to \$9,092,494 at June 30, 2010. The primary reason for this decrease is the decrease in the fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$1,611,369.

**Proprietary Funds.** Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$1,487,654. The total decrease in net assets was \$44,662. Other factors concerning the finances of this fund has already been addressed in the discussion of Jones County's business-type activities.

**Management's Discussion and Analysis (continued)**  
**County of Jones**

**Capital Asset and Debt Administration**

**Capital assets.** Jones County's capital assets for its governmental and business – type activities as of June 30, 2011, totals \$15,276,511 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County Water System has received grant funds to add an additional well to the system.
- Jones County has received a \$400,000 grant through the NC Energy Office to completely retrofit all lighting fixtures in all county buildings and schools. These retrofits are estimated to save the County over \$100,000 per year in energy costs. Completion of this project is expected to be December 2011.
- Through the assistance of Qualified School Construction Bonds, Jones County has constructed a new 13,000 square foot gymnasium at the Jones Senior High School. The total project cost is \$2.5 million.

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

**Figure 4**

|                          | Governmental Activities |                    | Business-Type Activities |                    | Totals              |                     |
|--------------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|---------------------|
|                          | 2011                    | 2010               | 2011                     | 2010               | 2011                | 2010                |
| Land                     | \$419,271               | \$382,929          | \$35,708                 | \$35,708           | \$454,979           | \$418,637           |
| Buildings and system     | 4,896,160               | 4,981,952          | 6,465,676                | 6,669,166          | 11,361,836          | 11,651,118          |
| Machinery and equipment  | 607,905                 | 471,849            | 3,935                    | 13,580             | 611,840             | 485,429             |
| Infrastructure           | 127,763                 | 130,808            |                          |                    | 127,763             | 130,808             |
| Construction in Progress | 2,395,660               |                    | 324,433                  | 48,289             | 2,720,093           | 48,289              |
| <b>Total</b>             | <b>\$8,446,759</b>      | <b>\$5,967,538</b> | <b>\$6,829,752</b>       | <b>\$6,766,743</b> | <b>\$15,276,511</b> | <b>\$12,734,281</b> |

Additional information on the County's capital assets can be found in note III. (A) (5) of the Basic Financial Statements.

**Long-term Debt.**

|                                   | Governmental Activities |                    | Business-Type Activities |                  | Total              |                    |
|-----------------------------------|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------------|
|                                   | 2011                    | 2010               | 2011                     | 2010             | 2011               | 2010               |
| Qualified Zone Academy Bonds      | \$431,358               | \$481,771          |                          |                  | \$431,358          | \$481,771          |
| Qualified School Construction Bon | 2,500,000               |                    |                          |                  | 2,500,000          |                    |
| Capitalized Leases                | 10,313                  | 13,506             |                          |                  | 10,313             | 13,506             |
| Installment Purchases             | 2,247,468               | 2,319,882          | \$489,628                | \$494,925        | 2,737,096          | 2,814,807          |
|                                   | <b>\$5,189,139</b>      | <b>\$2,815,159</b> | <b>\$489,628</b>         | <b>\$494,925</b> | <b>\$5,678,767</b> | <b>\$3,310,084</b> |

Jones County's total debt increased by \$2,368,683 (71.6%) during the past fiscal year, primarily due to issuance of the Qualified School Construction Bonds.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Jones County is \$57,986,473. At June 30, 2011, Jones County had general obligations and capitalized leases outstanding of \$5,678,767 that are to be considered within the legal debt margin.

**Management's Discussion and Analysis (continued)**  
**County of Jones**

Additional information regarding Jones County's long-term debt can be found in note III. (B) (6) beginning on page 43 of this audited financial report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- The County has experienced a significant increase in its unemployment rate. As of June 30, 2011, the county unemployment rate was 10.4%. With this increased unemployment, there has been an increase in the demand for citizens' needs of our Social Services and Public Health Departments.
- The County continues to see an increase in private construction of new homes. Construction is in two approved subdivisions that will add 30 homes.
- Jones County will be the recipient of the Golden LEAF Community Initiative Grant during next fiscal year. This is a potential of \$2 million in grant funds for various projects throughout the county.
- Jones County Economic Development is partnering in the development of a new Industrial Park north of Pollocksville on Highway 17. This project will bring 38 new jobs and a total private investment of over \$1.5 million. Over \$2 million in grants have been secured to expand water and sewer to this project.

***Budget Highlights for the Fiscal Year Ending June 30, 2012***

**Governmental Activities:** The County's tax rate increased from .70 to .74.

With the increased demand in the Department of Social Services, there was an increase in the cost to Jones County. Most of these increased expenditures will be offset with budgeted revenues from State and Federal programs. There was also an increase in overall property valuation that will help to offset increased expenditures for next fiscal year.

**Business – type Activities:** Water Enterprise operating expenses will remain relatively level. There have been cuts in overhead cost, however that is offset by budgeted set asides for future construction needs and a new meter replacement program. Tap fees have been adjusted to better offset the actual cost involved with installing new services. There was an increase in the minimum water rate from \$12 to \$15 for the first 2,000 gallons.

***Requests for Information***

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Jones County Finance Office, 418 Hwy 58 North (Post Office Box 266), Trenton, NC 28585.

**BASIC FINANCIAL STATEMENTS**

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

|  | Primary Government         |                             |                     | Component Unit            |
|--|----------------------------|-----------------------------|---------------------|---------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total               | Jones County<br>ABC Board |
| <b>Assets:</b>                                   |                            |                             |                     |                           |
| Cash and Cash Equivalents                        | \$7,636,434                | \$1,410,439                 | \$9,046,873         | \$28,044                  |
| Receivables (Net)                                | 825,661                    | 156,188                     | 981,849             |                           |
| Due From Other Governments                       | 933,227                    | 4,003                       | 937,230             |                           |
| Inventories                                      | 1,919                      | 46,984                      | 48,903              | 116,878                   |
| Prepaid Items                                    |                            |                             |                     | 7,358                     |
| Restricted Cash and Cash Equivalents             | 521,952                    | 27,247                      | 549,199             |                           |
| Notes Receivable:                                |                            |                             |                     |                           |
| Due Within One Year                              | 116,016                    | 15,299                      | 131,315             |                           |
| Due in More Than One Year                        | 975,105                    |                             | 975,105             |                           |
| Capital Assets:                                  |                            |                             |                     |                           |
| Land, Improvements, and Construction in Progress | 2,814,931                  | 360,141                     | 3,175,072           | 15,073                    |
| Other Capital Assets, Net of Depreciation        | 5,631,828                  | 6,469,611                   | 12,101,439          | 17,724                    |
| Total Capital Assets                             | <b>\$8,446,759</b>         | <b>\$6,829,752</b>          | <b>\$15,276,511</b> | <b>\$32,797</b>           |
| <b>Total Assets</b>                              | <b>\$19,457,073</b>        | <b>\$8,489,912</b>          | <b>\$27,946,985</b> | <b>\$185,077</b>          |
| <b>Liabilities:</b>                              |                            |                             |                     |                           |
| Accounts Payable and Accrued Expenses            | \$1,139,065                | \$44,497                    | \$1,183,562         | \$61,610                  |
| Accrued Interest Payable                         | 20,709                     |                             | 20,709              |                           |
| Unearned Revenue                                 | 49,919                     |                             | 49,919              |                           |
| Customer Deposits                                |                            | 93,339                      | 93,339              |                           |
| Long-term Liabilities:                           |                            |                             |                     |                           |
| Due within one year                              | 415,680                    | 5,756                       | 421,436             | 1,251                     |
| Due in more than one year                        | 5,047,783                  | 518,542                     | 5,566,325           |                           |
| <b>Total Liabilities</b>                         | <b>\$6,673,156</b>         | <b>\$662,134</b>            | <b>\$7,335,290</b>  | <b>\$62,861</b>           |
| <b>Net Assets:</b>                               |                            |                             |                     |                           |
| Invested in Capital Assets, Net of Related Debt  | \$3,688,978                | \$6,340,124                 | \$10,029,102        | \$31,546                  |
| Restricted For:                                  |                            |                             |                     |                           |
| Register of Deeds                                | 26,583                     |                             | 26,583              |                           |
| General Government                               | 73,667                     |                             | 73,667              |                           |
| Environmental Protection                         | 29,195                     |                             | 29,195              |                           |
| Education  | 2,016,768                  |                             | 2,016,768           |                           |
| Stabilization by State Statute                   | 1,913,617                  |                             | 1,913,617           |                           |
| Human Services                                   | 588,222                    |                             | 588,222             |                           |
| Unrestricted                                     | 4,446,887                  | 1,487,654                   | 5,934,541           | 90,670                    |
| <b>Total Net Assets</b>                          | <b>\$12,783,917</b>        | <b>\$7,827,778</b>          | <b>\$20,611,695</b> | <b>\$122,216</b>          |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2011

| Functions/Programs                    | Expenses            | Program Revenues     |                                    |                                  |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government:</b>            |                     |                      |                                    |                                  |
| Governmental Activities:              |                     |                      |                                    |                                  |
| General Government                    | \$2,231,755         | \$238,503            | \$333,821                          |                                  |
| Public Safety                         | 2,720,113           | 540,960              | 349,692                            |                                  |
| Environmental Protection              | 567,781             | 294,913              | 86,139                             |                                  |
| Economic and Physical Development     | 1,040,889           |                      | 798,338                            |                                  |
| Human Services                        | 4,597,096           | 82,781               | 3,924,909                          |                                  |
| Cultural and Recreation               | 237,020             | 1,596                |                                    |                                  |
| Education                             | 1,783,600           |                      | 59,255                             |                                  |
| Interest on Long-Term Debt            | 75,086              |                      |                                    |                                  |
| <b>Total Governmental Activities</b>  | <b>\$13,253,340</b> | <b>\$1,158,753</b>   | <b>\$5,552,154</b>                 | <b>\$0</b>                       |
| Business-type Activity:               |                     |                      |                                    |                                  |
| Water                                 | \$962,063           | \$981,480            |                                    |                                  |
| <b>Total Business-type Activities</b> | <b>\$962,063</b>    | <b>\$981,480</b>     | <b>\$0</b>                         | <b>\$0</b>                       |
| <b>\$14,215,403</b>                   |                     |                      |                                    |                                  |
| <b>\$2,140,233</b>                    |                     |                      |                                    |                                  |
| <b>\$5,552,154</b>                    |                     |                      |                                    |                                  |
| <b>\$0</b>                            |                     |                      |                                    |                                  |
| Component Units:                      |                     |                      |                                    |                                  |
| ABC Board                             | \$920,462           | \$899,735            |                                    |                                  |
| <b>Total Component Unit</b>           | <b>\$920,462</b>    | <b>\$899,735</b>     | <b>\$0</b>                         | <b>\$0</b>                       |

*General Revenues:*

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

**Total General Revenues Excluding Transfers**

Transfers

**Total General Revenues and Transfers**

**Change in Net Assets**

*Net Assets, Beginning*

**NET ASSETS, ENDING**

| Net (Expense) Revenue and Changes in Net Assets |                          |                      |                        |
|---|--------------------------|----------------------|------------------------|
| Primary Government                              |                          |                      | Component Unit         |
| Governmental Activities                         | Business-type Activities | Total                | Jones County ABC Board |
| (\$1,659,431)                                   |                          | (\$1,659,431)        |                        |
| (1,829,461)                                     |                          | (1,829,461)          |                        |
| (186,729)                                       |                          | (186,729)            |                        |
| (242,551)                                       |                          | (242,551)            |                        |
| (589,406)                                       |                          | (589,406)            |                        |
| (235,424)                                       |                          | (235,424)            |                        |
| (1,724,345)                                     |                          | (1,724,345)          |                        |
| (75,086)  |                          | (75,086)             |                        |
| <b>(\$6,542,433)</b>                            | <b>\$0</b>               | <b>(\$6,542,433)</b> |                        |
|   | \$19,417                 | \$19,417             |                        |
| <b>\$0</b>                                      | <b>\$19,417</b>          | <b>\$19,417</b>      |                        |
| <b>(\$6,542,433)</b>                            | <b>\$19,417</b>          | <b>(\$6,523,016)</b> |                        |
|   |                          |                      | (\$20,727)             |
|   |                          |                      | <b>(\$20,727)</b>      |
| \$5,225,166                                     |                          | \$5,225,166          |                        |
| 922,315   |                          | 922,315              |                        |
| 87,988  |                          | 87,988               |                        |
| 232,793   |                          | 232,793              |                        |
| 67,145  | \$921                    | 68,066               | \$28                   |
| 45,924  |                          | 45,924               |                        |
| <b>6,581,331</b>                                | <b>921</b>               | <b>6,582,252</b>     | <b>28</b>              |
| 65,000  | (65,000)                 |                      |                        |
| <b>\$6,646,331</b>                              | <b>(\$64,079)</b>        | <b>\$6,582,252</b>   | <b>\$28</b>            |
| <b>\$103,898</b>                                | <b>(\$44,662)</b>        | <b>\$59,236</b>      | <b>(\$20,699)</b>      |
| 12,680,019                                      | 7,872,440                | 20,552,459           | 142,915                |
| <b>\$12,783,917</b>                             | <b>\$7,827,778</b>       | <b>\$20,611,695</b>  | <b>\$122,216</b>       |

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

|  | Major              |   | Non-Major                | Total               |
|--|--------------------|---|--------------------------|---------------------|
|  | General            | Jones Senior High School Gym Capital Project Fund | Other Governmental Funds |                     |
| <b>ASSETS:</b>                             |                    |   |                          |                     |
| Cash and Cash Equivalents                  | \$7,093,905        |   | \$542,529                | \$7,636,434         |
| Restricted Cash                            |                    | \$521,952   |                          |                     |
| Receivables, Net                           | 723,213            |   | 24,885                   | 748,098             |
| Due From Other Governments                 | 622,853            | 53,515  | 256,859                  | 933,227             |
| Due From Other Funds                       | 142,250            |   |                          | 142,250             |
| Current Portion-Notes Receivable           | 116,016            |   |                          | 116,016             |
| Inventories                                | 1,919              |   |                          | 1,919               |
| Notes Receivable                           | 975,105            |   |                          | 975,105             |
| <b>TOTAL ASSETS</b>                        | <b>\$9,675,261</b> | <b>\$575,467</b>                                  | <b>\$824,273</b>         | <b>\$10,553,049</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                    |   |                          |                     |
| <i>Liabilities:</i>                        |                    |   |                          |                     |
| Accounts Payable and Accrued Liabilities   | \$548,419          | \$469,453   | \$121,193                | \$1,139,065         |
| Due to Other Funds                         |                    |   | 142,250                  | 142,250             |
| Unearned Revenue                           | 49,919             |   |                          | 49,919              |
| Deferred Revenue                           | 880,066            |   |                          | 880,066             |
| <b>Total Liabilities</b>                   | <b>\$1,478,404</b> | <b>\$469,453</b>                                  | <b>\$263,443</b>         | <b>\$2,211,300</b>  |
| <i>Fund Balances:</i>                      |                    |   |                          |                     |
| Nonspendable:                              |                    |   |                          |                     |
| Inventories                                | \$1,919            |   |                          | \$1,919             |
| Restricted:                                |                    |   |                          |                     |
| Stabilization by State Statute             | 1,699,373          |   | \$214,244                | 1,913,617           |
| Register of Deeds                          | 26,583             |   |                          | 26,583              |
| Health Department                          | 588,222            |   |                          | 588,222             |
| Facility Fees                              | 73,667             |   |                          | 73,667              |
| White Goods                                | 29,195             |   |                          | 29,195              |
| School Capital                             | 1,910,754          | \$106,014   |                          | 2,016,768           |
| Committed:                                 |                    |   |                          |                     |
| Economic Development                       | 764,027            |   |                          | 764,027             |
| Tax Revaluation                            |                    |   | 125,751                  | 125,751             |
| Assigned:                                  |                    |   |                          |                     |
| Long-Term Screening                        | 130,535            |   |                          | 130,535             |
| Civic Center                               | 64,756             |   |                          | 64,756              |
| Township #7                                | 965                |   |                          | 965                 |
| Transportation                             | 198,761            |   |                          | 198,761             |
| Soil Conservation                          | 10,110             |   |                          | 10,110              |
| Subsequent Year's Expenditures             | 186,855            |   |                          | 186,855             |
| Unassigned                                 | 2,511,135          |   | 220,835                  | 2,731,970           |
| <b>Total Fund Balances</b>                 | <b>\$8,196,857</b> | <b>\$106,014</b>                                  | <b>\$560,830</b>         | <b>\$8,863,701</b>  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$9,675,261</b> | <b>\$575,467</b>                                  | <b>\$824,273</b>         |                     |

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

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Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

|  |                            |
|--|----------------------------|
| Total Fund Balance, Governmental Funds   | \$8,863,701                |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                        | \$8,446,759                |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.                       | 77,563                     |
| Liabilities for earned but deferred revenues in fund statements.   | 880,066                    |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6). | (5,484,172)                |
| <b>Net Assets of Governmental Activities</b>   | <b><u>\$12,783,917</u></b> |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2011

|  | Major               |  | Non-Major                      | Total<br>Governmental<br>Funds |
|--|---------------------|--|--------------------------------|--------------------------------|
|  | General             | Jones Senior<br>High School<br>Gym Capital<br>Project Fund | Other<br>Governmental<br>Funds |                                |
| <b>REVENUES:</b>   |                     |  |                                |                                |
| Ad Valorem Taxes   | \$5,118,369         |  |                                | \$5,118,369                    |
| Local Option Sales Taxes                                     | 922,315             |  |                                | 922,315                        |
| Other Taxes and Licenses                                     | 87,988              |  |                                | 87,988                         |
| Unrestricted Intergovernmental                               | 134,955             |  |                                | 134,955                        |
| Restricted Intergovernmental                                 | 4,373,371           |  | \$1,253,261                    | 5,626,632                      |
| Permits and Fees   | 188,810             |  |                                | 188,810                        |
| Sales and Services   | 736,416             |  |                                | 736,416                        |
| Investment Earnings  | 65,471              | \$1,674  |                                | 67,145                         |
| Miscellaneous  | 183,037             |  |                                | 183,037                        |
| <b>TOTAL REVENUES</b>  | <b>\$11,810,732</b> | <b>\$1,674</b>   | <b>\$1,253,261</b>             | <b>\$13,065,667</b>            |
| <b>EXPENDITURES:</b>   |                     |  |                                |                                |
| <i>Current:</i>  |                     |  |                                |                                |
| General Government   | \$1,789,857         |  | \$328,775                      | \$2,118,632                    |
| Public Safety  | 2,699,423           |  | 105,670                        | 2,805,093                      |
| Environmental Protection                                     | 567,132             |  |                                | 567,132                        |
| Economic and Physical Development                            | 328,378             |  | 729,155                        | 1,057,533                      |
| Human Services   | 4,607,409           |  |                                | 4,607,409                      |
| Cultural and Recreational                                    | 228,138             |  |                                | 228,138                        |
| Miscellaneous-County   | 100,283             |  |                                | 100,283                        |
| <i>Intergovernmental:</i>                                    |                     |  |                                |                                |
| Education  | 1,783,600           | \$2,395,660  |                                | 4,179,260                      |
| <i>Debt Service:</i>   |                     |  |                                |                                |
| Principal  | 217,790             |  |                                | 217,790                        |
| Interest   | 69,960              |  |                                | 69,960                         |
| <b>Total Expenditures</b>                                    | <b>\$12,391,970</b> | <b>\$2,395,660</b>   | <b>\$1,163,600</b>             | <b>\$15,951,230</b>            |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(\$581,238)</b>  | <b>(\$2,393,986)</b>                                       | <b>\$89,661</b>                | <b>(\$2,885,563)</b>           |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                     |  |                                |                                |
| Transfers from Other Funds                                   | \$65,000            |  | \$30,165                       | \$95,165                       |
| Transfers to Other Funds                                     | (30,165)            |  |                                | (30,165)                       |
| Installment Obligation Issued                                | 91,770              |  |                                | 91,770                         |
| Qualified School Construction Bonds Issued                   |                     | \$2,500,000  |                                | 2,500,000                      |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$126,605</b>    | <b>\$2,500,000</b>   | <b>\$30,165</b>                | <b>\$2,656,770</b>             |
| <b>Net Change in Fund Balance</b>                            | <b>(\$454,633)</b>  | <b>\$106,014</b>   | <b>\$119,826</b>               | <b>(\$228,793)</b>             |
| <i>Fund Balances, Beginning</i>                              | 8,651,490           |  | 441,004                        | 9,092,494                      |
| <b>FUND BALANCES, ENDING</b>                                 | <b>\$8,196,857</b>  | <b>\$106,014</b>   | <b>\$560,830</b>               | <b>\$8,863,701</b>             |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**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 June 30, 2011**

---

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

|   |             |
|---|-------------|
| Net changes in fund balances - total governmental funds | (\$228,793) |
|---|-------------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,491,223

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

211,660

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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(2,373,980)

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.

3,788

**Total Changes in Net Assets of Governmental Activities**

**\$103,898**

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2011

|   | Original<br>Budget   | Final<br>Budget      | Actual              | Variance with<br>Final Positive<br>(Negative) |
|---|----------------------|----------------------|---------------------|---|
| <b>Revenues:</b>                            |                      |                      |                     |   |
| Ad Valorem Taxes                            | \$5,044,282          | \$5,059,782          | \$5,118,369         | \$58,587                                      |
| Local Option Sales Tax                      | 850,000              | 830,000              | 922,315             | 92,315  |
| Other Taxes and Licenses                    | 161,622              | 96,400               | 87,988              | (8,412)                                       |
| Unrestricted Intergovernmental              | 65,000               | 134,000              | 134,955             | 955   |
| Restricted Intergovernmental                | 4,227,838            | 4,488,847            | 4,373,371           | (115,476)                                     |
| Permits and Fees                            | 287,328              | 170,120              | 188,810             | 18,690  |
| Sales and Services                          | 335,150              | 668,200              | 736,416             | 68,216  |
| Investment Earnings                         | 75,000               | 75,000               | 65,471              | (9,529)                                       |
| Miscellaneous                               | 94,870               | 182,796              | 183,037             | 241   |
| <b>Total Revenues</b>                       | <b>\$11,141,090</b>  | <b>\$11,705,145</b>  | <b>\$11,810,732</b> | <b>\$105,587</b>                              |
| <b>Expenditures:</b>                        |                      |                      |                     |   |
| <i>Current:</i>                             |                      |                      |                     |   |
| General Government                          | \$2,012,632          | \$2,085,171          | \$1,789,857         | \$295,314                                     |
| Public Safety                               | 2,259,995            | 3,036,058            | 2,699,423           | 336,635                                       |
| Environmental Protection                    | 461,522              | 614,509              | 567,132             | 47,377  |
| Economic and Physical Development           | 144,180              | 390,359              | 328,378             | 61,981  |
| Human Services                              | 4,847,481            | 5,075,531            | 4,607,409           | 468,122                                       |
| Cultural and Recreational                   | 201,481              | 285,993              | 228,138             | 57,855  |
| Miscellaneous-County                        | 110,000              | 186,552              | 100,283             | 86,269  |
| <i>Intergovernmental:</i>                   |                      |                      |                     |   |
| Education                                   | 2,000,289            | 1,970,876            | 1,783,600           | 187,276                                       |
| <i>Debt Service:</i>                        |                      |                      |                     |   |
| Principal Retirement                        | 272,554              | 217,790              | 217,790             |   |
| Interest                                    | 15,000               | 73,664               | 69,960              | 3,704   |
| <b>Total Expenditures</b>                   | <b>\$12,325,134</b>  | <b>\$13,936,503</b>  | <b>\$12,391,970</b> | <b>\$1,544,533</b>                            |
| <b>Revenues Over (Under) Expenditures</b>   | <b>(\$1,184,044)</b> | <b>(\$2,231,358)</b> | <b>(\$581,238)</b>  | <b>\$1,650,120</b>                            |
| <b>Other Financing Sources (Uses):</b>      |                      |                      |                     |   |
| Transfers (To) From Other Funds             | \$90,000             | \$59,000             | \$34,835            | (\$24,165)                                    |
| Installment Obligation Issued               |                      | 91,000               | 91,770              | 770   |
| Appropriated Fund Balance                   | 1,094,044            | 2,081,358            |                     | (2,081,358)                                   |
| <b>Total Other Financing Sources (Uses)</b> | <b>\$1,184,044</b>   | <b>\$2,231,358</b>   | <b>\$126,605</b>    | <b>(\$2,104,753)</b>                          |
| <b>Net Change in Fund Balance</b>           | <b>\$0</b>           | <b>\$0</b>           | <b>(\$454,633)</b>  | <b>(\$454,633)</b>                            |
| <i>Fund Balances:</i>                       |                      |                      |                     |   |
| Beginning of Year, July 1                   |                      |                      | 8,651,490           |   |
| End of Year, June 30                        |                      |                      | <b>\$8,196,857</b>  |   |

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2011

|   | Major Fund         |
|---|--------------------|
|   | Water              |
| <b><u>ASSETS</u></b>                              |                    |
| <i>Current Assets:</i>                            |                    |
| Cash and Cash Equivalents                         | \$1,410,439        |
| Receivables, Net                                  | 160,191            |
| Current Portion Notes Receivable                  | 15,299             |
| Inventories                                       | 46,984             |
| <b>Total Current Assets</b>                       | <b>\$1,632,913</b> |
| <i>Noncurrent Assets:</i>                         |                    |
| Restricted Cash                                   | \$27,247           |
| <i>Capital Assets:</i>                            |                    |
| Land, Improvements, and Construction in Progress  | 360,141            |
| Other Capital Assets, Net of Depreciation         | 6,469,611          |
| <b>Total Capital Assets</b>                       | <b>\$6,829,752</b> |
| <b>TOTAL ASSETS</b>                               | <b>\$8,489,912</b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>          |                    |
| <i>Liabilities:</i>                               |                    |
| <i>Current Liabilities:</i>                       |                    |
| Accounts Payable                                  | \$44,497           |
| Customer Deposits                                 | 93,339             |
| Current Portion of Installment Obligation Payable | 5,756              |
| <b>Total Current Liabilities</b>                  | <b>\$143,592</b>   |
| <i>Noncurrent Liabilities:</i>                    |                    |
| Compensated Absences                              | \$34,670           |
| Installment Obligation Payable                    | 483,872            |
| <b>Total Noncurrent Liabilities</b>               | <b>\$518,542</b>   |
| <b>TOTAL LIABILITIES</b>                          | <b>\$662,134</b>   |
| <i>Net Assets:</i>                                |                    |
| Invested in Capital Assets, Net of Related Debt   | \$6,340,124        |
| Unrestricted                                      | 1,487,654          |
| <b>Total Net Assets</b>                           | <b>\$7,827,778</b> |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2011

|  | <b>Major Fund</b>  |
|--|--------------------|
|  | <b>Water</b>       |
| <b>OPERATING REVENUES:</b>                       |                    |
| Water Sales                                      | \$915,935          |
| Water Tap Fees                                   | 22,200             |
| Reconnect Fees                                   | 21,000             |
| Other Operating Revenues                         | 22,345             |
| <b>Total Operating Revenues</b>                  | <b>\$981,480</b>   |
| <b>OPERATING EXPENSES:</b>                       |                    |
| Administration                                   | \$249,419          |
| Raw Water Supply Maintenance                     | 467,897            |
| Depreciation                                     | 223,094            |
| <b>Total Operating Expenses</b>                  | <b>\$940,410</b>   |
| <b>Operating Income (Loss)</b>                   | <b>\$41,070</b>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>          |                    |
| Interest Earned on Investment                    | \$921              |
| Interest on Long-Term Debt                       | (21,653)           |
| <b>Total Nonoperating Revenues</b>               | <b>(\$20,732)</b>  |
| Income (Loss) Before Contributions and Transfers | \$20,338           |
| Transfers From (To) From Other Funds             | (65,000)           |
| <b>Change in Net Assets</b>                      | <b>(\$44,662)</b>  |
| Total Net Assets, Beginning                      | 7,872,440          |
| <b>Total Net Assets, Ending</b>                  | <b>\$7,827,778</b> |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2011

|  | <b>Major Fund</b>  |
|--|--------------------|
|  | <b>Water</b>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |
| Cash Received From Customers   | \$920,676          |
| Cash Paid for Goods and Services   | (400,688)          |
| Cash Paid to Employees for Services  | (272,455)          |
| Customer Deposits Received   | 14,150             |
| Customer Deposits Returned   | (11,350)           |
| Other Operating Revenues   | 22,345             |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$272,678</b>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                    |
| Transfers In (Out)   | (\$65,000)         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |                    |
| Acquisition and Construction of Capital Assets   | (\$286,103)        |
| Principal Paid on Indebtedness   | (5,297)            |
| Interest Paid on Indebtedness  | (21,653)           |
| <b>Net Cash Used by Capital and Related Financing Activities</b>                               | <b>(\$313,053)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |
| Interest on Investments  | \$921              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                    | <b>(\$104,454)</b> |
| Cash and Cash Equivalents, July 1  | 1,542,140          |
| <b>Cash and Cash Equivalents, June 30</b>  | <b>\$1,437,686</b> |
| <i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>         |                    |
| Operating Income (Loss)  | <b>\$41,070</b>    |
| <i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i> |                    |
| Depreciation   | \$223,094          |
| <i>Changes in Assets and Liabilities:</i>  |                    |
| Decrease (Increase) in Accounts Receivable   | (38,459)           |
| Decrease (Increase) in Notes Receivable  | 13,498             |
| Decrease (Increase) in Inventory   | 1,559              |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities                                | 17,838             |
| Increase (Decrease) in Customer Deposits   | 2,800              |
| Increase (Decrease) in Accrued Vacation Payable  | 11,278             |
| <b>Total Adjustments</b>   | <b>\$231,608</b>   |
| <b>Net Cash Provided by (Used by) Operating Activities</b>                                     | <b>\$272,678</b>   |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2011

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|  | <u>Agency<br/>Fund</u> |
|--|------------------------|
| <b><u>Assets</u></b>                     |                        |
| Cash and Cash Equivalents                | \$61,471               |
| Accounts Receivable                      | <u>6,507</u>           |
| <b>Total Assets</b>                      | <b><u>\$67,978</u></b> |
| <b><u>Liabilities and Net Assets</u></b> |                        |
| <i>Liabilities:</i>                      |                        |
| Accounts Payable and Accrued Liabilities | <u>\$67,978</u>        |
| <b>Total Liabilities</b>                 | <b><u>\$67,978</u></b> |
| <i>Net Assets:</i>                       |                        |
| Assets Held in Trust                     | <u><u>\$0</u></u>      |

The notes to the financial statements are an integral part of this statement.

**JONES COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS INDEX**

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**NOTE**

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Jones County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. REPORTING ENTITY**

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Jones County Industrial Facility and Pollution Control Financing Authority (*Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Jones County ABC Board (*Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

| <b>Component Unit</b>  | <b>Reporting Method</b> | <b>Criteria for Inclusion</b>  | <b>Separate Financial Statements</b>                     |
|--|-------------------------|--|--|
| Jones County Industrial Facility and Pollution Control Financing Authority | Discrete                | The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. | None issued  |
| Jones County ABC Board   | Discrete                | The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.            | Jones County ABC Board<br>PO Box 86<br>Trenton, NC 28585 |

**B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed as in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

*General Fund* – This 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.

*Jones Senior High School Gymnasium Capital Project Fund* – The County uses this fund to account for the construction of a new gymnasium for Jones Senior High School.

The County reports the following major enterprise fund:

*Water Fund* – This fund is used to account for the operations of the water system within the County.

The County reports the following fund types:

*Agency Funds* - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Jones County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, the Ad Valorem Tax Fund, which accounts for property taxes that are billed and collected by the County for municipalities and other taxing jurisdictions within the County, and the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office.

*Nonmajor Funds* – The County maintains four legally budgeted funds. The Property Revaluation Fund, the Emergency Telephone System Fund, the Community Development Block Grant Fund, and the Energy Retrofit Fund are reported as nonmajor special revenue funds.

#### **Measurement Focus, Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 30 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Jones County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

### **C. BUDGETARY DATA**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation, Emergency Telephone System, and Energy Retrofit Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Fund, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$1,611,369 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**D. ASSETS, LIABILITIES, AND FUND EQUITY**

**1. Deposits and Investments**

All deposits of the County and Jones County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. 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 and disclosures. Accordingly, actual results could differ from those estimates.

**3. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Jones County ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**4. Restricted Cash**

As a part of the loan agreement with the US Department of Agriculture (USDA), the County has restricted cash equal to one annual loan payment including interest. To meet this requirement, the County has purchased a certificate of deposit at Branch Bank and Trust Company. The total amount of the cash restriction, by the terms of the loan agreement, was \$27,247 at June 30, 2011. In addition, the unexpended Qualified School Construction Bond proceeds are classified as restricted cash within the Jones Senior High School Gymnasium Capital Project Fund because their use is restricted for school capital outlay. The total amount of cash restricted for this purpose was \$521,952 at June 30, 2011.

**5. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**6. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**7. Inventories and Prepaid Items**

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise fund as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund and that of the ABC Board is recorded as an expense as it is consumed or sold.

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.

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$1; Buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Jones County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Jones County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

|                                  | <u>Years</u> |
|----------------------------------|--------------|
| Buildings                        | 40 – 50      |
| Plant and Distribution Systems   | 40 – 50      |
| Infrastructure                   | 50           |
| Improvements                     | 10 – 50      |
| Furniture and Equipment          | 10           |
| Vehicles and Motorized Equipment | 5            |
| Computer Equipment               | 5            |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

|                         | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 20           |
| Furniture and Equipment | 10           |
| Vehicles                | 10           |

**9. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**11. Net Assets/Fund Balances**

**Net Assets**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Inventories** – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Health Department – portion of fund balance that is restricted by revenue source to provide resources for the Health Department.

Restricted for Facility Fees – portion of fund balance that is restricted by revenue source for improvements to the courthouse.

Restricted for White Goods – portion of fund balance that is restricted by revenue source for white goods projects.

Restricted for School Capital – portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of Jones County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Economic Development – Portion of fund balance that can only be used for Economic Development.

Committed for Tax Revaluation – Portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance – portion of fund balance that the Jones County governing board has budgeted.

Assigned for Long-Term Screening – portion of fund balance that has been budgeted by the board for long-term screening.

Assigned for Civic Center – portion of fund balance that has been budgeted by the board for future repairs and maintenance.

Assigned for Township #7 – portion of fund balance that has been budgeted by the board for Township #7.

Assigned for Transportation – portion of fund balance that has been budgeted by the board for transportation.

Assigned for Soil Conservation – portion of fund balance that has been budgeted by the board for soil conservation.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Jones County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Jones County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is maintained between 18% and 24% of budgeted expenditures. Any portion of the General Fund balance in excess of 24% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

**E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$3,920,216 consists of several elements as follows:

| <u>Description</u>   | <u>Amount</u>             |
|--|---------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$11,213,412              |
| Less Accumulated Depreciation  | <u>(2,766,653)</u>        |
| Net Capital Assets   | \$8,446,759               |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.                    | 77,563                    |
| Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide  | 880,066                   |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:                                 |                           |
| Bonds, leases, and installment financing   | (5,189,139)               |
| Compensated absences   | (253,604)                 |
| Accrued interest payable   | (20,709)                  |
| Net pension obligation   | (20,720)                  |
| <b>Total Adjustment</b>  | <b><u>\$3,920,216</u></b> |

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$332,691 as follows:

| <u>Description</u>   | <u>Amount</u>    |
|--|------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities   | \$2,808,300      |
| Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements   | (317,077)        |
| New debt issued during the year is recorded as a source of funds of the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets | (2,591,770)      |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements                              | 217,790          |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.                                      |                  |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources  | (1,338)          |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)  | 5,126            |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.  |                  |
| Reversal of deferred tax revenue recorded at 7/01/10   | (505,609)        |
| Recording of tax receipts deferred in the fund statements as of 6/30/11  | 609,601          |
| Increase in accrued taxes receivable for year ended 6/30/11  | (2,805)          |
| Current year collections of receivables recorded as revenue in the fund statements this year but in the government-wide statements in the year they were assessed                                      | 110,473          |
| <b>Total Adjustment</b>  | <b>\$332,691</b> |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

**Noncompliance with North Carolina General Statutes**

None noted.

**B. DEFICIT FUND BALANCE OR NET ASSETS OF INDIVIDUAL FUNDS**

None noted.

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the fiscal year ended June 30, 2011, the County reported the following expenditure that violated State law [G.S. 159-28] because it exceeded the amount appropriated in the budget ordinance. Management will monitor budgets closely in the future to avoid expenditures in excess of appropriations.

|   | <u>Budget</u> | <u>Expenditures</u> | <u>Over Expended</u> |
|---|---------------|---------------------|----------------------|
| Jones Senior High School Gymnasium Capital Project Fund |               |                     |                      |
| Education   |               |                     |                      |
| Architectural Services                                  | \$14,000      | \$54,785            | \$40,785             |

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**III. DETAIL NOTES ON ALL FUNDS**

**A. ASSETS**

**1. Deposits**

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2011, the County's deposits had a carrying amount of \$2,917,065 and a bank balance of \$3,612,568. Of the bank balance, \$394,866 was covered by federal depository insurance and \$3,217,702 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2011, Jones County had \$1,200 cash on hand.

At June 30, 2011, the carrying amount of deposits for Jones County ABC Board was \$26,544 and the bank balance was \$47,210. All of the bank balance was covered by federal depository insurance. At June 30, 2011, the ABC Board had \$1,500 cash on hand.

**2. Investments**

At June 30, 2011, the County's investment balances were as follows:

|  | <u>Fair Value</u>  |
|--|--------------------|
| NC Capital Management Trust - Cash Portfolio | \$6,739,278        |
| <b>Total Investments</b>                     | <b>\$6,739,278</b> |

The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2011. The County has no policy on credit risk.

At June 30, 2011, the ABC Board had no investments.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

**3. Property Tax - Use-Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

| <u>Year Levied</u> | <u>Tax</u>         | <u>Interest</u>  | <u>Total</u>       |
|--------------------|--------------------|------------------|--------------------|
| 2010               | \$607,906          | \$34,955         | \$642,860          |
| 2009               | 603,053            | 88,950           | 692,003            |
| 2008               | 592,873            | 140,807          | 733,680            |
| 2007               | 565,156            | 185,089          | 750,245            |
| <b>Total</b>       | <b>\$2,368,988</b> | <b>\$449,801</b> | <b>\$2,818,788</b> |

**4. Receivables**

Receivables at the government-wide level at June 30, 2011, were as follows:

|                                       | <u>Accounts</u>  | <u>Taxes and<br/>Related<br/>Accrued<br/>Interest</u> | <u>Due From<br/>Other<br/>Governments</u> | <u>Total</u>       |
|---------------------------------------|------------------|---|---|--------------------|
| <b>Governmental Activities:</b>       |                  |   |   |                    |
| General                               | \$195,797        | \$706,164   | \$622,853                                 | \$1,524,814        |
| Other Governmental                    |                  |   | 310,374                                   | 310,374            |
| <b>Total Receivables</b>              | <b>\$195,797</b> | <b>\$706,164</b>                                      | <b>\$933,227</b>                          | <b>\$1,835,188</b> |
| Allowance for Doubtful Accounts       | (57,300)         | (19,000)  |   | (76,300)           |
| <b>Total Governmental Activities</b>  | <b>\$138,497</b> | <b>\$687,164</b>                                      | <b>\$933,227</b>                          | <b>\$1,758,888</b> |
| <b>Business-type Activities:</b>      |                  |   |   |                    |
| Water                                 | \$200,888        |   | \$4,003                                   | \$204,891          |
| <b>Total Receivables</b>              | <b>\$200,888</b> | <b>\$0</b>  | <b>\$4,003</b>                            | <b>\$204,891</b>   |
| Allowance for Doubtful Accounts       | (44,700)         |   |   | (44,700)           |
| <b>Total Business-type Activities</b> | <b>\$156,188</b> | <b>\$0</b>  | <b>\$4,003</b>                            | <b>\$160,191</b>   |

The due from other governments that is owed to the County consists of the following:

|   |                  |
|---|------------------|
| Various Human Services Revenues         | \$272,493        |
| Local option sales tax                  | 167,058          |
| Sales tax                               | 136,084          |
| PSAP Revenue                            | 16,543           |
| NCDHHS-Medicaid Hold Harmless           | 42,545           |
| NCDOT-Governor's Hwy Safety Program     | 10,462           |
| Scrap Tire                              | 7,226            |
| NC DENR                                 | 62,528           |
| NC Dept of Commerce - Lighting Retrofit | 76,736           |
| NC Dept of Commerce - CDBG              | 145,555          |
|   | <b>\$937,230</b> |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

Notes Receivable

The County has five loans from funds restricted for industrial development. The purpose of the loans is to increase the County tax base and create jobs. The subsequent repayments of these loans will likewise be restricted.

The first loan was made on October 18, 1999 to M&W Signs for \$100,000. M&W Signs manufactures and produces various types of signage and has used the proceeds to upgrade and expand its operations within the County. The terms of this loan call for monthly payments of \$740 for fifteen years, including interest at 4% after the first twelve months. This loan was paid in full on September 7, 2010.

The second loan was made on October 26, 1999 to SRS for \$110,000. SRS manufactures wastewater treatment systems and small boats. The proceeds from the loan have been used to purchase 14 acres and five buildings in order to move the company operations from Lenoir County to Jones County. The terms of this loan call for monthly payments of \$848 for fifteen years including interest at 6%.

The third loan was made on April 5, 2002 to Blue Rock Structures for \$12,500. Blue Rock is an engineering construction firm and has used the proceeds to assist with the construction of an office within the County. The terms of the loan call for monthly payments of \$125 for ten years including interest at 3.75%.

The fourth loan was made on May 31, 2005 to Timeless Customs for \$50,000. Timeless Customs is an auto repair business and has used the proceeds to make repairs and improvements to the shop building. The loan was refinanced in May 2010 with an interest rate of 4% for two years with a balloon payment due May 1, 2012.

The fifth loan was made on January 24, 2007 to Selds, Inc. for \$40,000. Selds, Inc. is a military based microchip business and has used the proceeds to renovate their shop building. The terms of the loan call for 12 monthly interest payments followed by 48 monthly payments of \$453 which include principal and interest. Additionally, agreement calls for \$20,000 repayment upon sale of borrower's real property. The loan carries an interest rate of 4.125%.

The sixth loan was made on February 5, 2008 to Defense Holdings, Inc. Defense Holdings Inc. is a manufacturing business and has used the proceeds to construct their operating facility. The terms of the loan call for monthly payments of \$9,578 including interest of 4.80%. Additionally, the agreement calls for a \$34,400 buyout fee unless the note is paid in full on or before January 31, 2016.

The seventh loan was made on June 30, 2010 to Jag Development Company for water lines installed at Colonial Crossing housing development. The terms of the loan call for monthly payments of \$1,303, beginning July 1, 2010 including interest at 4% for two years. One final payment of \$1,298 is due on June 1, 2012. This note receivable is recorded in the Water Fund.

The following summarizes the expected collection on these notes:

| Principal<br>Amounts Due<br>for the Year<br>Ended June<br>30: |                 |              |                     |                |                              |                    | (WATER<br>FUND)    | TOTAL |
|---|-----------------|--------------|---------------------|----------------|------------------------------|--------------------|--------------------|-------|
|   | SRS             | BLUE<br>ROCK | TIMELESS<br>CUSTOMS | SELDS,<br>INC. | DEFENSE<br>HOLDINGS,<br>INC. | JAG DEV<br>COMPANY |                    |       |
| 2012  | \$8,524         | \$987        | \$32,081            | \$6,963        | \$67,460                     | \$15,299           | \$131,314          |       |
| 2013  | 9,049           |              |                     |                | 70,770                       |                    | 79,819             |       |
| 2014  | 9,608           |              |                     |                | 74,243                       |                    | 83,851             |       |
| 2015  | 4,174           |              |                     |                | 77,886                       |                    | 82,060             |       |
| 2016  |                 |              |                     |                | 81,708                       |                    | 81,708             |       |
| 2017-2021   |                 |              |                     |                | 472,764                      |                    | 472,764            |       |
| 2022-2026   |                 |              |                     |                | 174,904                      |                    | 174,904            |       |
|   | <b>\$31,355</b> | <b>\$987</b> | <b>\$32,081</b>     | <b>\$6,963</b> | <b>\$1,019,735</b>           | <b>\$15,299</b>    | <b>\$1,106,420</b> |       |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

**5. Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2011, was as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|--------------------|------------------|----------------------------|
| <b>Governmental Activities:</b>                    |                               |                    |                  |                            |
| <b>Capital Assets Not Being Depreciated:</b>       |                               |                    |                  |                            |
| Land   | \$382,929                     | \$47,242           | \$10,900         | \$419,271                  |
| Construction in Progress                           |                               | 2,395,660          |                  | 2,395,660                  |
| <b>Total Capital Assets Not Being Depreciated</b>  | <b>\$382,929</b>              | <b>\$2,442,902</b> | <b>\$10,900</b>  | <b>\$2,814,931</b>         |
| <b>Capital Assets Being Depreciated:</b>           |                               |                    |                  |                            |
| Buildings  | \$6,517,804                   | \$74,768           |                  | \$6,592,572                |
| Infrastructure                                     | 152,235                       |                    |                  | 152,235                    |
| Equipment  | 1,444,767                     | 290,630            | \$81,723         | 1,653,674                  |
| <b>Total Capital Assets Being Depreciated</b>      | <b>\$8,114,806</b>            | <b>\$365,398</b>   | <b>\$81,723</b>  | <b>\$8,398,481</b>         |
| <i>Less Accumulated Depreciation for:</i>          |                               |                    |                  |                            |
| Buildings  | \$1,535,852                   | \$160,560          |                  | \$1,696,412                |
| Infrastructure                                     | 21,427                        | 3,045              |                  | 24,472                     |
| Equipment  | 972,918                       | 153,472            | \$80,621         | 1,045,769                  |
| <b>Total Accumulated Depreciation</b>              | <b>\$2,530,197</b>            | <b>\$317,077</b>   | <b>\$80,621</b>  | <b>\$2,766,653</b>         |
| <i>Total Capital Assets Being Depreciated, Net</i> | <b>\$5,584,609</b>            |                    |                  | <b>\$5,631,828</b>         |
| <b>Governmental Activity Capital Assets, Net</b>   | <b>\$5,967,538</b>            |                    |                  | <b>\$8,446,759</b>         |

Depreciation expense was charged to function/programs of the primary government as follows:

|                                   |                  |
|-----------------------------------|------------------|
| General Government                | \$101,591        |
| Public Safety                     | 97,591           |
| Environmental Protection          | 7,693            |
| Economic and Physical Development | 30,598           |
| Human Services                    | 36,250           |
| Cultural and Recreational         | 43,354           |
| <b>Total Depreciation Expense</b> | <b>\$317,077</b> |

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

**5. Capital Assets (continued)**

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|------------------|------------------|----------------------------|
| <b>Business-type Activity:</b>                     |                               |                  |                  |                            |
| Jones County Water Fund:                           |                               |                  |                  |                            |
| <b>Capital Assets Not Being Depreciated:</b>       |                               |                  |                  |                            |
| Land   | \$35,708                      |                  |                  | \$35,708                   |
| Construction in Progress                           | \$48,289                      | \$276,144        |                  | 324,433                    |
| <i>Total Capital Assets Not Being Depreciated</i>  | <u>\$83,997</u>               | <u>\$276,144</u> | <u>\$0</u>       | <u>\$360,141</u>           |
| <b>Capital Assets Being Depreciated:</b>           |                               |                  |                  |                            |
| Plant and Distribution Systems                     | \$10,302,256                  | \$9,959          |                  | \$10,312,215               |
| Machinery and Equipment                            | 52,375                        |                  |                  | 52,375                     |
| Vehicles and Construction Equipment                | 340,459                       |                  | \$11,549         | 328,910                    |
| <b>Total Assets Being Depreciated</b>              | <u>\$10,695,090</u>           | <u>\$9,959</u>   | <u>\$11,549</u>  | <u>\$10,693,500</u>        |
| <b>Less Accumulated Depreciation for:</b>          |                               |                  |                  |                            |
| Plant and Distribution Systems                     | \$3,633,091                   | \$213,448        |                  | \$3,846,539                |
| Machinery and Equipment                            | 50,208                        | 2,169            |                  | 52,377                     |
| Vehicles and Construction Equipment                | 329,046                       | 7,477            | \$11,549         | 324,974                    |
| <b>Total Accumulated Depreciation</b>              | <u>\$4,012,345</u>            | <u>\$223,094</u> | <u>\$11,549</u>  | <u>\$4,223,890</u>         |
| <i>Total Capital Assets Being Depreciated, Net</i> | <u>\$6,682,745</u>            |                  |                  | <u>\$6,469,611</u>         |
| <b>Business-type Activity Capital Assets, Net</b>  | <u>\$6,766,742</u>            |                  |                  | <u>\$6,829,752</u>         |

Construction Commitments

The government has active construction projects as of June 30, 2011. The projects include the Well Improvements Capital Project and the construction of the Jones Senior High School Gymnasium. At June 30, 2011, the government's commitments with contractors are as follows:

| <u>Project</u>                     | <u>Spent-to-Date</u> | <u>Remaining<br/>Commitment</u> |
|------------------------------------|----------------------|---------------------------------|
| Well Improvements                  | \$324,433            | \$425,567                       |
| Jones Senior High School Gymnasium | 2,395,660            | 104,340                         |
|                                    | <u>\$2,720,093</u>   | <u>\$529,907</u>                |

In regards to the Jones Senior High School Gymnasium Capital Project, the Jones County Board of Education has deeded land to the County to permit installment purchase financing of the construction costs. Since the County holds title to the land during the construction phase of the project, the construction in progress is reflected in these statements. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board once construction is complete and all restrictions of the financing agreements have been met. At that time, the County will record a capital contribution to the Jones County Board of Education and will remove the fixed asset from the County's books.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2011 was as follows:

|  | <u>Balances</u>  | <u>Increases</u> | <u>Decreases</u> | <u>Balances</u>  |
|--|------------------|------------------|------------------|------------------|
| <b>Capital Assets Not Being Depreciated:</b>       |                  |                  |                  |                  |
| Land   | \$15,073         | \$0              | \$0              | \$15,073         |
| <b>Capital Assets Being Depreciated:</b>           |                  |                  |                  |                  |
| Buildings  | \$81,739         |                  |                  | \$81,739         |
| Furniture/Equipment                                | 82,810           |                  |                  | 82,810           |
| Vehicles   | 15,602           |                  |                  | 15,602           |
| <b>Total Capital Assets Being Depreciated</b>      | <b>\$180,151</b> | <b>\$0</b>       | <b>\$0</b>       | <b>\$180,151</b> |
| <br><b>Less Accumulated Depreciation For:</b>      |                  |                  |                  |                  |
| Buildings  | \$69,355         | \$1,354          |                  | \$70,709         |
| Furniture/Equipment                                | 73,091           | 3,025            |                  | 76,116           |
| Vehicles   | 15,602           |                  |                  | 15,602           |
| <b>Total Capital Accumulated Depreciation</b>      | <b>\$158,048</b> | <b>\$4,379</b>   | <b>\$0</b>       | <b>\$162,427</b> |
| <i>Total Capital Assets Being Depreciated, Net</i> | <b>\$22,103</b>  |                  |                  | <b>\$17,724</b>  |
| <b>Business-type Activity Capital Assets, Net</b>  | <b>\$37,176</b>  |                  |                  | <b>\$32,797</b>  |

**B. LIABILITIES**

**1. Payables**

Payables at the government-wide level at June 30, 2011, were as follows:

|                                       | <u>Vendors</u>     | <u>Salaries and<br/>Benefits</u> | <u>Accrued<br/>Interest</u> | <u>Total</u>       |
|---------------------------------------|--------------------|----------------------------------|-----------------------------|--------------------|
| <b>Governmental Activities:</b>       |                    |                                  |                             |                    |
| General                               | \$499,781          | \$48,640                         | \$20,709                    | \$569,130          |
| Other Governmental                    | 590,417            | 227                              |                             | 590,644            |
| <b>Total Governmental Activities</b>  | <b>\$1,090,198</b> | <b>\$48,867</b>                  | <b>\$20,709</b>             | <b>\$1,159,774</b> |
| <br><b>Business-type Activities:</b>  |                    |                                  |                             |                    |
| Water Fund                            | \$41,367           | \$3,130                          |                             | \$44,497           |
| <b>Total Business-type Activities</b> | <b>\$41,367</b>    | <b>\$3,130</b>                   | <b>\$0</b>                  | <b>\$44,497</b>    |

The amount of \$499,781 which comprises the General Fund Vendors payables includes \$252,640 due to the N.C. Department of Corrections for medical services for County Safekeepers. As of the report date, the County had not paid the invoices due to lack of funds. The County has requested the State of North Carolina assume and pay the obligation pursuant to General Statute 162-39.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**2. Pension Plan Obligations**

**a. Local Governmental Employee's Retirement System**

*Plan Description.* Jones County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.95% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.61% of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$243,801, \$170,877, and \$169,198, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$6,315, \$4,506, and \$4,048, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description**

Jones County administers a public employee retirement system (*Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2010, the Separation Allowance's membership consisted of:

|                             |           |
|-----------------------------|-----------|
| Retirees Receiving Benefits | 0         |
| Active Plan Members         | 20        |
| <b>Total</b>                | <b>20</b> |

**2. Summary of Significant Accounting Policies:**

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**JONES COUNTY, NORTH CAROLINA**  
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3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$0, or 0% of annual covered payroll. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post retirement benefit increases. The remaining amortization period at December 31, 2009 was 21 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

|  |                 |
|--|-----------------|
| Annual Required Contribution                         | \$6,633         |
| Interest on Net Pension Obligation                   | 707             |
| Adjustment to Annual Required Contribution           | (757)           |
| <b>Annual Pension Cost</b>                           | <b>\$6,583</b>  |
| <br>   |                 |
| Contributions Made                                   | 0               |
| <br>   |                 |
| <b>Increase (Decrease) in Net Pension Obligation</b> | <b>\$6,583</b>  |
| <br>   |                 |
| Net Pension Obligation - Beginning of Year           | 14,137          |
| <b>Net Pension Obligation - End of Year</b>          | <b>\$20,720</b> |

**3 YEAR TREND INFORMATION**

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| June 30, 2009     | 2,081                     | 0%                            | 9,988                  |
| June 30, 2010     | 4,149                     | 0%                            | 14,137                 |
| June 30, 2011     | 6,583                     | 0%                            | 20,720                 |

4. Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$26,908 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,908. The covered payroll (annual payroll of active employees covered by the plan) was \$600,217, and the ratio of the UAAL to the covered payroll was 4.48 percent.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2011 were \$57,532, which consisted of \$29,716 from the County and \$27,816 from the law enforcement officers.

d. **Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Jones County also contributes to the Registers of Deeds' Supplemental Pension Fund (*Fund*), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$753.

e. **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**3. Deferred/Unearned Revenues**

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

|   | <b>Deferred<br/>Revenue</b> | <b>Unearned<br/>Revenue</b> |
|---|-----------------------------|-----------------------------|
| Prepaid Property Taxes Not Yet Earned (General) |                             | \$48,419                    |
| Prepaid Rent (General)                          |                             | 1,500                       |
| Taxes Receivable, Net (General), less penalties | \$609,601                   |                             |
| EMS Receivables, Net                            | 41,982                      |                             |
| Other Receivables Not Available at Year End     | 228,483                     |                             |
| <b>Total</b>                                    | <b>\$880,066</b>            | <b>\$49,919</b>             |

**4. Risk Management**

The County is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "X" area (all other mapped areas) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP, but can also purchase private coverage. The County's insurance policy provides limited flood coverage in areas outside of the 100-year flood zones and is subject to a per occurrence deductible of \$25,000. Property located in the 100-year flood zone, as designated by FEMA, is excluded from coverage. The County has two properties located inside this area. The County has decided not to pursue further insurance coverage for these two properties.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The County Manager, Finance Officer, and Assistant Finance Officer are individually bonded for \$50,000 each. The Tax Collector is bonded for \$20,000. The Sheriff and Register of Deeds are individually bonded for \$10,000 each.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Jones County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**5. Long-Term Obligations**

**a. Notes Payable/Installment Obligations**

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the Industrial Park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2011 balance was \$1,400,249.

| During the<br>Year Ending<br>June 30, | Principal          | Interest           | Total              |
|---------------------------------------|--------------------|--------------------|--------------------|
| 2012                                  | \$19,101           | \$59,529           | \$78,630           |
| 2013                                  | 19,913             | 58,717             | 78,630             |
| 2014                                  | 20,759             | 57,871             | 78,630             |
| 2015                                  | 21,642             | 56,988             | 78,630             |
| 2016                                  | 22,561             | 56,069             | 78,630             |
| 2017-2021                             | 128,031            | 265,119            | 393,150            |
| 2022-2026                             | 157,650            | 235,500            | 393,150            |
| 2027-2031                             | 194,122            | 199,028            | 393,150            |
| 2032-2036                             | 239,031            | 154,119            | 393,150            |
| 2037-2041                             | 294,330            | 98,820             | 393,150            |
| 2042-2046                             | 283,109            | 30,738             | 313,847            |
|                                       | <b>\$1,400,249</b> | <b>\$1,272,498</b> | <b>\$2,672,747</b> |

2. On April 12, 2007, the County entered into a financing agreement with North Carolina's Eastern Region Development Commission for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$250,000 and the agreement calls for one payment of accrued interest in the amount of \$10,313, then 14 annual payments of \$23,938. The agreement carries a 4.125% interest rate. The June 30, 2011 balance was \$207,413.

| During the<br>Year Ending<br>June 30, | Principal        | Interest        | Total            |
|---------------------------------------|------------------|-----------------|------------------|
| 2012                                  | \$15,382         | \$8,556         | \$23,938         |
| 2013                                  | 16,017           | 7,921           | 23,938           |
| 2014                                  | 16,678           | 7,261           | 23,939           |
| 2015                                  | 17,366           | 6,572           | 23,938           |
| 2016                                  | 18,082           | 5,856           | 23,938           |
| 2017-2021                             | 102,233          | 17,459          | 119,692          |
| 2022-2026                             | 21,655           | 893             | 22,548           |
|                                       | <b>\$207,413</b> | <b>\$54,518</b> | <b>\$261,931</b> |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

3. On April 18, 2007, the County entered into a financing agreement with Jones – Onslow Electric Membership Corporation for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$640,000 and the agreement calls for 120 monthly payments beginning August 1, 2009 and carries no stated interest rate. The June 30, 2011 balance was \$373,036.

| During the<br>Year Ending<br>June 30, | Principal        | Interest   | Total            |
|---------------------------------------|------------------|------------|------------------|
| 2012                                  | \$81,071         |            | \$81,071         |
| 2013                                  | 81,071           |            | 81,071           |
| 2014                                  | 81,071           |            | 81,071           |
| 2015                                  | 81,071           |            | 81,071           |
| 2016                                  | 32,500           |            | 32,500           |
| 2017-2021                             | 16,252           |            | 16,252           |
|                                       | <b>\$373,036</b> | <b>\$0</b> | <b>\$373,036</b> |

4. On June 20, 2006, the County entered into a financing agreement with the US Department of Agriculture (USDA) for the purpose of constructing a water tank in the Rock Creek area. The County borrowed \$500,000 and the agreement calls for 40 annual payments of \$26,950. The agreement carries a 4.375% interest rate. The June 30, 2011 balance was \$489,628.

| During the<br>Year Ending<br>June 30, | Principal        | Interest         | Total            |
|---------------------------------------|------------------|------------------|------------------|
| 2012                                  | \$5,756          | \$21,194         | \$26,950         |
| 2013                                  | 6,008            | 20,942           | 26,950           |
| 2014                                  | 6,271            | 20,679           | 26,950           |
| 2015                                  | 6,545            | 20,405           | 26,950           |
| 2016                                  | 6,832            | 20,118           | 26,950           |
| 2017-2021                             | 38,911           | 95,839           | 134,750          |
| 2022-2026                             | 48,201           | 86,549           | 134,750          |
| 2027-2031                             | 59,709           | 75,041           | 134,750          |
| 2032-2036                             | 73,964           | 60,786           | 134,750          |
| 2037-2041                             | 91,623           | 43,127           | 134,750          |
| 2042-2046                             | 113,498          | 21,252           | 134,750          |
| 2047-2051                             | 32,310           | 1,245            | 33,555           |
|                                       | <b>\$489,628</b> | <b>\$487,177</b> | <b>\$976,805</b> |

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

5. On April 19, 2010, the County entered into a financing agreement with The Trustees of Lenoir Community College for the purpose of constructing a building for the Emergency Medical Services. The County paid \$26,750 for closing. The LCC obligation calls for four consecutive annual payments of \$50,000 beginning on July 1, 2010, and one final payment in the amount of \$25,000 due on July 1, 2014. The June 30, 2011 balance was \$175,000.

| During the<br>Year Ending<br>June 30, | Principal        | Interest   | Total            |
|---------------------------------------|------------------|------------|------------------|
| 2012                                  | \$50,000         |            | \$50,000         |
| 2013                                  | 50,000           |            | 50,000           |
| 2014                                  | 50,000           |            | 50,000           |
| 2015                                  | 25,000           |            | 25,000           |
|                                       | <b>\$175,000</b> | <b>\$0</b> | <b>\$175,000</b> |

6. On July 28, 2010, the County entered into a financing agreement with Branch Banking and Trust Company for the purchase of an ambulance. The obligation calls for three consecutive annual payments of \$32,350 beginning on July 28, 2011 and carried an interest rate of 2.85%. The June 30, 2011 balance was \$91,770.

| During the<br>Year Ending<br>June 30, | Principal       | Interest       | Total           |
|---------------------------------------|-----------------|----------------|-----------------|
| 2012                                  | \$29,735        | \$2,615        | \$32,350        |
| 2013                                  | 30,582          | \$1,768        | 32,350          |
| 2014                                  | 31,453          | 897            | 32,350          |
|                                       | <b>\$91,770</b> | <b>\$5,280</b> | <b>\$97,050</b> |

b. **Capital Lease**

The County has entered into an agreement to lease Register of Deeds computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The agreement was originally executed in July of 2001. On May 21, 2003 and January 27, 2006, this lease was modified and some equipment was changed out and updated. This lease was again modified on October 15, 2009 and some equipment was changed out and updated. Present terms require 5 annual payments of \$3,698 beginning on July 15, 2010.

At June 30, 2011, the County leased equipment valued at:

| Classes of Property | Cost     | Accumulated<br>Depreciation | Net Book<br>Value |
|---------------------|----------|-----------------------------|-------------------|
| Equipment           | \$28,470 | \$15,184                    | \$13,286          |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

| <u>Year Ending June 30</u>                         |                 |
|--|-----------------|
| 2012   | \$3,698         |
| 2013   | 3,698           |
| 2014   | 3,698           |
| <b>Total minimum lease payments</b>                | <b>\$11,094</b> |
| Less: Amount representing interest                 | 781             |
| <b>Present value of the minimum lease payments</b> | <b>\$10,313</b> |

**c. General Obligation Indebtedness**

1. Qualified Zone Academy bonds (QZAB) issued on August 22, 2002 under Internal Revenue Code Section 1397E; due serially to 2019 with no interest; collateralized by real estate, including a school building. The June 30, 2011 balance was \$431,358.

| <u>During the<br/>Year Ending<br/>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--|------------------|-----------------|------------------|
| 2012   | \$50,412         |                 | \$50,412         |
| 2013   | 50,412           |                 | 50,412           |
| 2014   | 50,412           |                 | 50,412           |
| 2015   | 50,412           |                 | 50,412           |
| 2016   | 50,412           |                 | 50,412           |
| 2017-2020                                      | 179,298          |                 | 179,298          |
|  | <b>\$431,358</b> | <b>\$0</b>      | <b>\$431,358</b> |

2. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with no interest; collateralized by real estate, including a school gymnasium. The June 30, 2011 balance was \$2,200,000.

| <u>During the<br/>Year Ending<br/>June 30,</u> | <u>Principal</u>   | <u>Interest</u> | <u>Total</u>       |
|--|--------------------|-----------------|--------------------|
| 2012   | \$146,667          |                 | \$146,667          |
| 2013   | \$146,667          |                 | 146,667            |
| 2014   | \$146,667          |                 | 146,667            |
| 2015   | \$146,667          |                 | 146,667            |
| 2016   | \$146,667          |                 | 146,667            |
| 2017-2021                                      | 733,333            |                 | 733,333            |
| 2022-2026                                      | 733,332            |                 | 733,332            |
|  | <b>\$2,200,000</b> | <b>\$0</b>      | <b>\$2,200,000</b> |

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

3. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with interest at 1.35%; collateralized by real estate, including a school gymnasium. The June 30, 2011 balance was \$300,000.

| During the<br>Year Ending<br>June 30, | Principal        | Interest        | Total            |
|---------------------------------------|------------------|-----------------|------------------|
| 2012                                  | \$20,000         | \$4,050         | \$24,050         |
| 2013                                  | 20,000           | 3,780           | 23,780           |
| 2014                                  | 20,000           | 3,510           | 23,510           |
| 2015                                  | 20,000           | 3,240           | 23,240           |
| 2016                                  | 20,000           | 2,970           | 22,970           |
| 2017-2021                             | 100,000          | 10,800          | 110,800          |
| 2022-2026                             | 100,000          | 4,050           | 104,050          |
|                                       | <b>\$300,000</b> | <b>\$32,400</b> | <b>\$332,400</b> |

d. **Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2011:

|                                      | Beginning<br>Balances | Increases          | Decreases        | Ending<br>Balances | Current<br>Portion of<br>Balance |
|--------------------------------------|-----------------------|--------------------|------------------|--------------------|----------------------------------|
| <b>Governmental Activities:</b>      |                       |                    |                  |                    |                                  |
| Capitalized Leases                   | \$13,506              |                    | \$3,193          | \$10,313           | \$3,312                          |
| USDA Loan                            | 1,418,589             |                    | 18,340           | 1,400,249          | 19,101                           |
| Qualified Zone Academy Bonds         | 481,771               |                    | 50,413           | 431,358            | 50,412                           |
| Eastern Region Loan                  | 222,186               |                    | 14,773           | 207,413            | 15,382                           |
| Jones-Onslow EMC Loan                | 454,107               |                    | 81,071           | 373,036            | 81,071                           |
| Lenoir Community College             | 225,000               |                    | 50,000           | 175,000            | 50,000                           |
| Installment Purchase                 |                       | \$91,770           |                  | 91,770             | 29,735                           |
| Qualified School Construction Bonds  |                       | 2,500,000          |                  | 2,500,000          | 166,667                          |
| Net Pension Obligation               | 14,137                | 6,583              |                  | 20,720             |                                  |
| Compensated Absences                 | 254,942               | 124,636            | 125,974          | 253,604            |                                  |
| <b>Total Governmental Activities</b> | <b>\$3,084,238</b>    | <b>\$2,722,989</b> | <b>\$343,764</b> | <b>\$5,463,463</b> | <b>\$415,680</b>                 |
| <b>Business-type Activity:</b>       |                       |                    |                  |                    |                                  |
| USDA Loan                            | \$494,925             |                    | \$5,297          | \$489,628          | \$5,756                          |
| Compensated Absences                 | 23,392                | \$19,079           | 7,801            | 34,670             |                                  |
| <b>Total</b>                         | <b>\$518,317</b>      | <b>\$19,079</b>    | <b>\$13,098</b>  | <b>\$524,298</b>   | <b>\$5,756</b>                   |

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

**C. INTERFUND BALANCES AND ACTIVITY**

The composition of interfund balances at June 30, 2011 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>                    | <u>Amount</u>    |
|------------------------|--|------------------|
| General Fund           |  |                  |
|                        | <i>Special Revenue Fund:</i>           |                  |
|                        | Energy Retrofit Fund                   | \$74,750         |
|                        | Community Development Block Grant Fund | 67,500           |
|                        |  | <u>\$142,250</u> |

Transfers to/from other funds for the year ended June 30, 2011 were made to supplement other funding sources and consist of the following:

|  | <u>TRANSFERS</u> |                 |
|--|------------------|-----------------|
|  | <u>FROM</u>      | <u>TO</u>       |
| <b>Operating Transfers From / To Other Funds</b> |                  |                 |
| <b>General Fund:</b>                             |                  |                 |
| Special Revenue Fund                             |                  | \$30,165        |
| Enterprise Fund                                  | \$65,000         |                 |
| <b>Special Revenue Fund:</b>                     |                  |                 |
| General Fund                                     | 25,000           |                 |
| General Fund - Local County Contribution (CDBG)  | 5,165            |                 |
| <b>Enterprise Fund:</b>                          |                  |                 |
| General Fund                                     |                  | 65,000          |
| <b>Total Operating Transfers</b>                 | <u>\$95,165</u>  | <u>\$95,165</u> |

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**IV. FUND BALANCE**

Jones County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

|  |                              |
|--|------------------------------|
| <b>Total Fund Balance - General Fund</b> | <b>\$8,196,857</b>           |
| Less:                                    |                              |
| Inventories                              | 1,919                        |
| Stabilization by State Statute           | 1,699,373                    |
| Register of Deeds                        | 26,583                       |
| Health Department                        | 588,222                      |
| Facility Fees                            | 73,667                       |
| White Goods                              | 29,195                       |
| Schools                                  | 1,910,754                    |
| Economic Development                     | 764,027                      |
| Long-Term Screening                      | 130,535                      |
| Civic Center                             | 64,756                       |
| Township #7                              | 965                          |
| Transportation                           | 198,761                      |
| Soil Conservation                        | 10,110                       |
| Appropriated Fund Balance in 2012 Budget | 186,855                      |
| Working Capital/Fund Balance Policy      | <u>2,511,135</u>             |
| <br><b>Remaining Fund Balance</b>        | <br><b><u><u>\$0</u></u></b> |

**V. JOINT VENTURES**

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$104,029 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 510 N. Queen Street, Kinston, NC, 28501.

The County in conjunction with the State of North Carolina and three other local governments participates in a joint venture to operate the Lenoir County Community College. The County appoints two members of the sixteen member Board of Trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Jones County division of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$63,856 and \$0 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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statements at June 30, 2011. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$23,658 for the operation of the Center during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health's administrative offices at 405 Middle Street, City of New Bern, NC 28563.

**VI. JOINTLY GOVERNED ORGANIZATIONS**

Eastern Carolina Housing Authority

The County, in conjunction with ten (10) other counties, has established the Eastern Carolina Housing Authority (*Authority*). The participating governments established the council to provide housing for low income individuals and families. Each participating government appoints one member to the Authority's governing board.

Global TransPark Development Commission

The Global TransPark Development Commission (*Commission*) is a corporate body created on November 29, 1993. Its purpose is to allow participating counties, including Jones County, which have the potential to derive direct economic benefits from the North Carolina Global TransPark to create a special economic development district, known as the Global TransPark Development Zone. The Commissions' primary responsibility is to promote and encourage economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the Global TransPark Development Zone.

The Commission is governed by nineteen voting members, consisting of one member from Jones County and each of the twelve other participating counties, and two members each appointed by the Senate, the Governor, and the House of Representatives. The Board of County Commissioners of the respective counties appoints the voting members from each of the counties.

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds is nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2011, the portion of the trust available to be loaned exclusively to Jones County was \$543,822.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2011

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**VII. BENEFIT PAYMENTS ISSUED BY THE STATE**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

|   | <u>Federal</u>      | <u>State</u>       |
|---|---------------------|--------------------|
| Medicaid                                  | \$9,867,262         | \$4,200,248        |
| Supplemental Nutrition Assistance Program | 3,025,992           |                    |
| Temporary Assistance For Needy Families   | 65,834              | 4                  |
| WIC                                       | 148,204             |                    |
| Supplemental Assistance                   |                     | 93,678             |
| Energy Assistance                         | 108,366             |                    |
| Foster Care                               | 10,052              | 4,021              |
| Adoption Assistance                       | 32,510              | 2,177              |
| Adoption Subsidy                          |                     | 7,608              |
| NC Health Choice                          | 23,119              | 611                |
| <b>Total</b>                              | <u>\$13,281,339</u> | <u>\$4,308,347</u> |

**VIII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**FEDERAL AND STATE ASSISTED PROGRAMS**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**IX. SUBSEQUENT EVENT**

On August 27, 2011, Hurricane Irene made landfall in eastern North Carolina causing significant damage to many county owned buildings, particularly the civic center. As of the report date, the County is in the process of working with the insurance company to assess the damage and will begin repairs as soon as a settlement is reached.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**This section contains additional information required by generally accepted accounting principles.**

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.**
- **Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.**

**JONES COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF FUNDING PROGRESS**  
 June 30, 2011

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial Accrued                                  |                                      | Fund<br>Ratio<br>(a / b) | Covered<br>Payroll<br>(c) | UAAL as a<br>% of Covered<br>Payroll<br>((b-a) / c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
|                                |  | Liability (AAL)<br>Projected Unit<br>Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) |                          |                           |   |
| 12/31/97                       | \$0                                    | \$31,737   | \$31,737                             | 0.00%                    | \$180,636                 | 17.57%  |
| 12/31/98                       | 0                                      | 23,650   | 23,650                               | 0.00%                    | 182,652                   | 12.95%  |
| 12/31/99                       | 0                                      | 23,898   | 23,898                               | 0.00%                    | 205,011                   | 11.66%  |
| 12/31/00                       | 0                                      | 20,704   | 20,704                               | 0.00%                    | 222,168                   | 9.32%   |
| 12/31/01                       | 0                                      | 20,801   | 20,801                               | 0.00%                    | 252,460                   | 8.24%   |
| 12/31/02                       | 0                                      | 42,508   | 42,508                               | 0.00%                    | 267,671                   | 15.88%  |
| 12/31/03                       | 0                                      | 32,716   | 32,716                               | 0.00%                    | 220,844                   | 14.81%  |
| 12/31/04                       | 0                                      | 28,538   | 28,538                               | 0.00%                    | 205,482                   | 13.89%  |
| 12/31/05                       | 0                                      | 19,162   | 19,162                               | 0.00%                    | 251,565                   | 7.62%   |
| 12/31/06                       | 0                                      | 20,139   | 20,139                               | 0.00%                    | 286,899                   | 7.02%   |
| 12/31/07                       | 0                                      | 4,154  | 4,154                                | 0.00%                    | 298,905                   | 1.39%   |
| 12/31/08                       | 0                                      | 11,088   | 11,088                               | 0.00%                    | 431,765                   | 2.57%   |
| 12/31/09                       | 0                                      | 18,428   | 18,428                               | 0.00%                    | 462,210                   | 3.99%   |
| 12/31/10                       | 0                                      | 26,908   | 26,908                               | 0.00%                    | 600,217                   | 4.48%   |

**JONES COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 June 30, 2011

| <u>Year Ending June 30</u> | <u>Annual Required Contributions</u> | <u>Percentage Contributed</u> |
|----------------------------|--------------------------------------|-------------------------------|
| 1998                       | \$4,824                              | 177%                          |
| 1999                       | 4,275                                | 200%                          |
| 2000                       | 3,557                                | 293%                          |
| 2001                       | 4,166                                | 148%                          |
| 2002                       | 3,389                                | 69%                           |
| 2003                       | 4,003                                | 0%                            |
| 2004                       | 6,076                                | 0%                            |
| 2005                       | 5,375                                | 0%                            |
| 2006                       | 4,855                                | 0%                            |
| 2007                       | 3,464                                | 0%                            |
| 2008                       | 3,879                                | 0%                            |
| 2009                       | 2,081                                | 0%                            |
| 2010                       | 4,149                                | 0%                            |
| 2011                       | 6,583                                | 0%                            |

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

|                               |                             |
|-------------------------------|-----------------------------|
| Valuation Date                | 12/31/10                    |
| Actuarial Cost Method         | Projected Unit Credit       |
| Amortization Method           | Level Percent of Pay Closed |
| Remaining Amortization Period | 20 Years                    |
| Asset Valuation Method        | Market Value                |
| <i>Actuarial Assumptions:</i> |                             |
| Investment Rate of Return     | 5.00%                       |
| Projected Salary Increases    | 4.25% to 7.85%              |
| Includes Inflation At         | 3.00%                       |
| Cost-of-Living Adjustments    | N/A                         |

**SUPPLEMENTARY INFORMATION**  
**Combining and Individual Fund Financial Statements and Schedules**

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|   | Budget             | 2011<br>Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|--------------------|--|
| <b>REVENUES:</b>                                    |                    |                    |  |
| <b>Ad Valorem Taxes:</b>                            |                    |                    |  |
| Taxes   | \$5,013,882        | \$5,048,843        | \$34,961                               |
| Penalties and Interest                              | 45,900             | 69,526             | 23,626                                 |
| <b>Total Ad Valorem Taxes</b>                       | <b>\$5,059,782</b> | <b>\$5,118,369</b> | <b>\$58,587</b>                        |
| <b>Local Option Sales Taxes:</b>                    |                    |                    |  |
| Articles 39, 40, 42 and 44                          | <b>\$830,000</b>   | <b>\$922,315</b>   | <b>\$92,315</b>                        |
| <b>Other Taxes and Licenses:</b>                    |                    |                    |  |
| Real Estate Transfer Tax                            | \$79,400           | \$70,557           | (\$8,843)                              |
| Scrap Tire Disposal Tax                             | 12,000             | 11,916             | (84)                                   |
| Solid Waste Disposal Tax                            | 5,000              | 5,515              | 515                                    |
| <b>Total Other Taxes and Licenses</b>               | <b>\$96,400</b>    | <b>\$87,988</b>    | <b>(\$8,412)</b>                       |
| <b>Unrestricted Intergovernmental Revenue:</b>      |                    |                    |  |
| Payments in Lieu of Taxes                           | \$96,000           | \$96,672           | \$672                                  |
| Beer & Wine Tax                                     | 38,000             | 38,283             | 283                                    |
| <b>Total Unrestricted Intergovernmental Revenue</b> | <b>\$134,000</b>   | <b>\$134,955</b>   | <b>\$955</b>                           |
| <b>Restricted Intergovernmental Revenue:</b>        |                    |                    |  |
| State and Federal Grants                            | \$4,169,936        | \$4,056,355        | (\$113,581)                            |
| Court Facilities Fees                               | 37,226             | 32,603             | (4,623)                                |
| ABC - 5 cent Bottle Tax                             | 3,560              | 3,465              | (95)                                   |
| ABC - 1 cent Bottle Tax                             | 190                | 193                | 3                                      |
| Correction and Rehab Center Grant                   | 58,613             | 64,517             | 5,904                                  |
| Juvenile Justice and Delinquency                    | 77,572             | 86,649             | 9,077                                  |
| Veterans Commission                                 | 2,000              | 2,000              |  |
| Child Abuse   | 150                | 165                | 15                                     |
| Domestic Violence                                   | 750                | 1,020              | 270                                    |
| Inmate Food Reimbursement                           | 5,215              | 2,430              | (2,785)                                |
| National Forest Receipts/Schools                    | 65,000             | 60,371             | (4,629)                                |
| DWI/Safe Roads Act                                  | 1,200              | 1,299              | 99                                     |
| Emergency Management                                | 22,400             | 22,414             | 14                                     |
| Soil Conservation                                   | 45,035             | 39,890             | (5,145)                                |
| <b>Total Restricted Intergovernmental Revenue</b>   | <b>\$4,488,847</b> | <b>\$4,373,371</b> | <b>(\$115,476)</b>                     |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                                     | Budget              | 2011<br>Actual      | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|---------------------|---------------------|--|
| <b>Permits and Fees:</b>            |                     |                     |  |
| Beer & Wine                         | \$100               |                     | (\$100)                                |
| Concealed/Handgun Permits           | 9,750               | \$9,280             | (470)                                  |
| Building and Other Permits and Fees | 112,970             | 129,749             | 16,779                                 |
| Register of Deeds                   | 40,000              | 41,468              | 1,468                                  |
| Marriage Licenses                   | 700                 | 855                 | 155                                    |
| Franchise - Cable TV                | 6,600               | 7,458               | 858                                    |
| <b>Total Permits &amp; Fees</b>     | <b>\$170,120</b>    | <b>\$188,810</b>    | <b>\$18,690</b>                        |
| <b>Sales and Services:</b>          |                     |                     |  |
| Jail and Officer Fees               | \$26,425            | \$29,588            | \$3,163                                |
| EMS Fees                            | 316,500             | 397,215             | 80,715                                 |
| Trash Fees                          | 500                 | 22                  | (478)                                  |
| Town Tax Billings & Collection      | 14,450              | 13,793              | (657)                                  |
| Vending Machines                    | 825                 | 907                 | 82                                     |
| Solid Waste/Recycling               | 35,000              | 28,638              | (6,362)                                |
| Curbside Service                    | 274,500             | 266,253             | (8,247)                                |
| <b>Total Sales &amp; Services</b>   | <b>\$668,200</b>    | <b>\$736,416</b>    | <b>\$68,216</b>                        |
| <b>Total Investment Earnings</b>    | <b>\$75,000</b>     | <b>\$65,471</b>     | <b>(\$9,529)</b>                       |
| <b>Other Revenues:</b>              |                     |                     |  |
| Rent - Economic Development         | \$63,550            | \$49,348            | (\$14,202)                             |
| Civic Center Rent                   | 23,000              | 25,604              | 2,604                                  |
| FSA Rent                            | 4,480               | 4,480               |  |
| Goshen Medical Clinic               | 30,000              | 38,088              | 8,088                                  |
| Sale of Fixed Assets                | 33,000              | 29,593              | (3,407)                                |
| Other                               | 28,766              | 35,924              | 7,158                                  |
| <b>Total Other Revenues</b>         | <b>\$182,796</b>    | <b>\$183,037</b>    | <b>\$241</b>                           |
| <b>TOTAL REVENUES</b>               | <b>\$11,705,145</b> | <b>\$11,810,732</b> | <b>\$105,587</b>                       |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                               | Budget           | 2011<br>Actual   | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------|------------------|------------------|--|
| <b>EXPENDITURES:</b>          |                  |                  |  |
| <b>General Government:</b>    |                  |                  |  |
| <b>Governing Body:</b>        |                  |                  |  |
| Salaries & Employee Benefits  | \$58,054         | \$57,490         | \$564                                  |
| Operating Expenses            | 48,245           | 34,339           | 13,906                                 |
| Insurance Other Than Property | 225,665          | 215,699          | 9,966                                  |
| <b>Total</b>                  | <b>\$331,964</b> | <b>\$307,528</b> | <b>\$24,436</b>                        |
| <b>Elections:</b>             |                  |                  |  |
| Salaries & Employee Benefits  | \$87,656         | \$73,298         | \$14,358                               |
| Operating Expenses            | 27,802           | 15,386           | 12,416                                 |
| <b>Total</b>                  | <b>\$115,458</b> | <b>\$88,684</b>  | <b>\$26,774</b>                        |
| <b>Finance:</b>               |                  |                  |  |
| Salaries & Employee Benefits  | \$172,767        | \$169,210        | \$3,557                                |
| Operating Expenses            | 69,296           | 51,515           | 17,781                                 |
| <b>Total</b>                  | <b>\$242,063</b> | <b>\$220,725</b> | <b>\$21,338</b>                        |
| <b>Taxes:</b>                 |                  |                  |  |
| Salaries & Employee Benefits  | \$259,944        | \$248,749        | \$11,195                               |
| Operating Expenses            | 67,824           | 52,379           | 15,445                                 |
| <b>Total</b>                  | <b>\$327,768</b> | <b>\$301,128</b> | <b>\$26,640</b>                        |
| <b>Legal:</b>                 |                  |                  |  |
| Contracted Services           | \$70,500         | \$54,469         | \$16,031                               |
| <b>Jury Commission:</b>       |                  |                  |  |
| Salaries & Employee Benefits  | \$275            |                  | \$275                                  |
| Operating Expenses            | 835              | \$635            | 200                                    |
| <b>Total</b>                  | <b>\$1,110</b>   | <b>\$635</b>     | <b>\$475</b>                           |
| <b>Register of Deeds:</b>     |                  |                  |  |
| Salaries & Employee Benefits  | \$84,555         | \$81,754         | \$2,801                                |
| Operating Expenses            | 66,111           | 55,730           | 10,381                                 |
| <b>Total</b>                  | <b>\$150,666</b> | <b>\$137,484</b> | <b>\$13,182</b>                        |
| <b>Public Buildings:</b>      |                  |                  |  |
| Salaries & Employee Benefits  | \$85,709         | \$79,699         | \$6,010                                |
| Operating Expenses            | 211,199          | 150,808          | 60,391                                 |
| Building Improvement          | 126,259          | 75,012           | 51,247                                 |
| Capital                       | 6,000            | 5,935            | 65                                     |
| <b>Total</b>                  | <b>\$429,167</b> | <b>\$311,454</b> | <b>\$117,713</b>                       |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                                 | Budget             | 2011 Actual        | Variance Favorable (Unfavorable) |
|---------------------------------|--------------------|--------------------|----------------------------------|
| <b>Court Facilities:</b>        |                    |                    |                                  |
| Salaries & Employee Benefits    | \$17,226           | \$17,226           |                                  |
| Operating Expenses              | 85,500             | 62,918             | \$22,582                         |
| <b>Total</b>                    | <b>\$102,726</b>   | <b>\$80,144</b>    | <b>\$22,582</b>                  |
| <b>Administration:</b>          |                    |                    |                                  |
| Salaries & Employee Benefits    | \$150,321          | \$147,062          | \$3,259                          |
| Operating Expenses              | 36,828             | 20,946             | 15,882                           |
| <b>Total</b>                    | <b>\$187,149</b>   | <b>\$168,008</b>   | <b>\$19,141</b>                  |
| <b>Computer:</b>                |                    |                    |                                  |
| Operating Expenses              | \$126,600          | \$119,598          | \$7,002                          |
| <b>TOTAL GENERAL GOVERNMENT</b> | <b>\$2,085,171</b> | <b>\$1,789,857</b> | <b>\$295,314</b>                 |
| <b>Public Safety:</b>           |                    |                    |                                  |
| <b>Sheriff's Department:</b>    |                    |                    |                                  |
| Salaries & Employee Benefits    | \$709,740          | \$655,803          | \$53,937                         |
| Operating Expenses              | 298,275            | 260,516            | 37,759                           |
| Capital                         | 90,000             | 85,885             | 4,115                            |
| <b>Total</b>                    | <b>\$1,098,015</b> | <b>\$1,002,204</b> | <b>\$95,811</b>                  |
| <b>County Jail:</b>             |                    |                    |                                  |
| Salaries & Employee Benefits    | \$405,882          | \$371,245          | \$34,637                         |
| Operating Expenses              | 256,095            | 254,361            | 1,734                            |
| <b>Total</b>                    | <b>\$661,977</b>   | <b>\$625,606</b>   | <b>\$36,371</b>                  |
| <b>Inspections:</b>             |                    |                    |                                  |
| Salaries & Employee Benefits    | \$92,719           | \$88,775           | \$3,944                          |
| Operating Expenses              | 18,450             | 9,597              | 8,853                            |
| <b>Total</b>                    | <b>\$111,169</b>   | <b>\$98,372</b>    | <b>\$12,797</b>                  |
| <b>Correction/Rehab Center:</b> |                    |                    |                                  |
| Operating Expenses              | \$60,863           | \$55,634           | \$5,229                          |
| <b>Emergency Services:</b>      |                    |                    |                                  |
| Salaries & Employee Benefits    | \$47,487           | \$47,338           | \$149                            |
| Operating Expenses              | 6,500              | 1,352              | 5,148                            |
| <b>Total</b>                    | <b>\$53,987</b>    | <b>\$48,690</b>    | <b>\$5,297</b>                   |
| <b>Emergency Services:</b>      |                    |                    |                                  |
| Salaries & Employee Benefits    | \$376,195          | \$360,912          | \$15,283                         |
| Operating Expenses              | 346,279            | 274,873            | 71,406                           |
| Aid to Local Fire Department    | 56,295             | 56,295             |                                  |
| Aid to Local Rescue Squads      | 43,410             | 43,410             |                                  |
| Capital                         | 172,370            | 92,370             | 80,000                           |
| <b>Total</b>                    | <b>\$994,549</b>   | <b>\$827,860</b>   | <b>\$166,689</b>                 |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|   | Budget             | 2011<br>Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|--------------------|--|
| <b>Communication System:</b>                |                    |                    |  |
| Salaries & Employee Benefits                | \$7,541            | \$7,546            | (\$5)                                  |
| Operating Expenses                          | 29,127             | 25,401             | 3,726                                  |
| <b>Total</b>                                | <b>\$36,668</b>    | <b>\$32,947</b>    | <b>\$3,721</b>                         |
| <b>Medical Examiner:</b>                    |                    |                    |  |
| Professional Services                       | <b>\$6,000</b>     | <b>\$300</b>       | <b>\$5,700</b>                         |
| <b>Rabies Control:</b>                      |                    |                    |  |
| Salaries & Employee Benefits                | \$4,630            | \$3,165            | \$1,465                                |
| Operating Expenses                          | 8,200              | 4,645              | 3,555                                  |
| <b>Total</b>                                | <b>\$12,830</b>    | <b>\$7,810</b>     | <b>\$5,020</b>                         |
| <b>TOTAL PUBLIC SAFETY</b>                  | <b>\$3,036,058</b> | <b>\$2,699,423</b> | <b>\$336,635</b>                       |
| <b>Environmental Protection:</b>            |                    |                    |  |
| <b>Sanitation:</b>                          |                    |                    |  |
| Salaries & Employee Benefits                | \$71,422           | \$71,196           | \$226                                  |
| Operating Expenses                          | 262,406            | 237,156            | 25,250                                 |
| Contracted Services                         | 106,950            | 98,698             | 8,252                                  |
| <b>Total</b>                                | <b>\$440,778</b>   | <b>\$407,050</b>   | <b>\$33,728</b>                        |
| <b>State Forest Protection</b>              | <b>\$66,010</b>    | <b>\$61,208</b>    | <b>\$4,802</b>                         |
| <b>Soil Conservation:</b>                   |                    |                    |  |
| Salaries & Employee Benefits                | \$99,762           | \$94,417           | \$5,345                                |
| Operating Expenses                          | 7,959              | 4,457              | 3,502                                  |
| <b>Total</b>                                | <b>\$107,721</b>   | <b>\$98,874</b>    | <b>\$8,847</b>                         |
| <b>TOTAL ENVIRONMENTAL PROTECTION</b>       | <b>\$614,509</b>   | <b>\$567,132</b>   | <b>\$47,377</b>                        |
| <b>Economic &amp; Physical Development:</b> |                    |                    |  |
| <b>Agricultural Extension:</b>              |                    |                    |  |
| Salaries & Employee Benefits                | \$121,428          | \$118,559          | \$2,869                                |
| Operating Expenses                          | 55,445             | 41,570             | 13,875                                 |
| Capital                                     | 75,000             | 74,768             | 232                                    |
| <b>Total</b>                                | <b>\$251,873</b>   | <b>\$234,897</b>   | <b>\$16,976</b>                        |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|   | Budget           | 2011 Actual      | Variance Favorable (Unfavorable) |
|---|------------------|------------------|----------------------------------|
| <b>Economic Development:</b>                            |                  |                  |                                  |
| Salaries & Employee Benefits                            | \$51,023         | \$13,641         | \$37,382                         |
| Operating Expenses                                      | 24,856           | 25,028           | (172)                            |
| Capital   | 47,242           | 47,242           |                                  |
| <b>Total</b>  | <b>\$123,121</b> | <b>\$85,911</b>  | <b>\$37,210</b>                  |
| <b>Neuse River Council of Governments:</b>              |                  |                  |                                  |
| Allocation & Expenses                                   | \$3,115          | \$3,115          | \$0                              |
| <b>Commissions, Committees &amp; Councils Planning:</b> |                  |                  |                                  |
| Operating Expenses                                      | \$12,250         | \$4,455          | \$7,795                          |
| <b>TOTAL ECONOMIC &amp; PHYSICAL DEVELOPMENT</b>        | <b>\$390,359</b> | <b>\$328,378</b> | <b>\$61,981</b>                  |
| <b>HUMAN SERVICES:</b>                                  |                  |                  |                                  |
| <b>Health:</b>  |                  |                  |                                  |
| <b>Administration:</b>                                  |                  |                  |                                  |
| Salaries & Employee Benefits                            | \$273,035        | \$273,035        |                                  |
| Operating Expenses                                      | 130,763          | 113,941          | \$16,822                         |
| <b>Total</b>  | <b>\$403,798</b> | <b>\$386,976</b> | <b>\$16,822</b>                  |
| <b>Tuberculosis:</b>                                    |                  |                  |                                  |
| Salaries and Employee Benefits                          | \$2,487          | \$2,487          |                                  |
| Operating Expenses                                      | 840              | 840              |                                  |
| <b>Total</b>  | <b>\$3,327</b>   | <b>\$3,327</b>   | <b>\$0</b>                       |
| <b>Bioterrorism</b>                                     |                  |                  |                                  |
| Salaries and Employee Benefits                          | \$16,007         | \$16,006         | \$1                              |
| Operating Expenses                                      | 32,154           | 32,135           | 19                               |
| <b>Total</b>  | <b>\$48,161</b>  | <b>\$48,141</b>  | <b>\$20</b>                      |
| <b>Aids</b>   | <b>\$500</b>     | <b>\$500</b>     | <b>\$0</b>                       |
| <b>Communicable Disease:</b>                            |                  |                  |                                  |
| Salaries & Employee Benefits                            | \$8,449          | \$8,449          |                                  |
| Operating Expenses                                      | 1,686            | 1,685            | \$1                              |
| <b>Total</b>  | <b>\$10,135</b>  | <b>\$10,134</b>  | <b>\$1</b>                       |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                                      | Budget          | 2011<br>Actual  | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------------|-----------------|-----------------|--|
| <b>Family Planning:</b>              |                 |                 |  |
| Salaries & Employee Benefits         | \$60,720        | \$60,720        |  |
| Operating Expenses                   | 17,526          | 17,526          |  |
| <b>Total</b>                         | <b>\$78,246</b> | <b>\$78,246</b> | <b>\$0</b>                             |
| <b>Maternity Care:</b>               |                 |                 |  |
| Salaries & Employee Benefits         | \$16,176        | \$16,176        |  |
| <b>Environmental Health:</b>         |                 |                 |  |
| Salaries & Employee Benefits         | \$14,940        | \$14,940        |  |
| Operating Expenses                   | 1,560           | 1,560           |  |
| <b>Total</b>                         | <b>\$16,500</b> | <b>\$16,500</b> | <b>\$0</b>                             |
| <b>Food &amp; Lodging:</b>           |                 |                 |  |
| Operating Expenses                   | \$1,895         | \$1,895         |  |
| <b>Cancer Prevention:</b>            |                 |                 |  |
| Operating Expenses                   | \$6,668         | \$6,668         |  |
| <b>Immunization Action Plan:</b>     |                 |                 |  |
| Salaries & Employee Benefits         | \$4,684         | \$4,684         |  |
| Operating Expenses                   | 1,620           | 1,620           |  |
| <b>Total</b>                         | <b>\$6,304</b>  | <b>\$6,304</b>  | <b>\$0</b>                             |
| <b>Maternal &amp; Child Health:</b>  |                 |                 |  |
| Salaries & Employee Benefits         | \$27,924        | \$27,924        |  |
| Operating Expenses                   | 28,447          | 28,447          |  |
| <b>Total</b>                         | <b>\$56,371</b> | <b>\$56,371</b> | <b>\$0</b>                             |
| <b>Women, Infants &amp; Children</b> |                 |                 |  |
| <b>Supplement Food:</b>              |                 |                 |  |
| Salaries & Employee Benefits         | \$53,985        | \$53,985        |  |
| Operating Expenses                   | 18,375          | 18,375          |  |
| <b>Total</b>                         | <b>\$72,360</b> | <b>\$72,360</b> | <b>\$0</b>                             |
| <b>School Health Education:</b>      |                 |                 |  |
| Salaries & Employee Benefits         | \$49,780        | \$49,780        |  |
| Operating Expenses                   | 242             | 242             |  |
| <b>Total</b>                         | <b>\$50,022</b> | <b>\$50,022</b> | <b>\$0</b>                             |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                                      | Budget          | 2011<br>Actual  | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------------|-----------------|-----------------|--|
| <b>Health Promotions:</b>            |                 |                 |  |
| Salaries & Employee Benefits         | \$12,021        | \$12,021        |  |
| Operating Expenses                   | 13,974          | 13,974          |  |
| <b>Total</b>                         | <b>\$25,995</b> | <b>\$25,995</b> | <b>\$0</b>                             |
| <b>Child Services - Coordinator:</b> |                 |                 |  |
| Salaries & Employee Benefits         | \$5,123         | \$5,122         | \$1                                    |
| Operating Expenses                   | 188             | 188             |  |
| <b>Total</b>                         | <b>\$5,311</b>  | <b>\$5,310</b>  | <b>\$1</b>                             |
| <b>Family Based Counseling:</b>      |                 |                 |  |
| Operating Expenses                   | <b>\$74,772</b> | <b>\$74,772</b> | <b>\$0</b>                             |
| <b>Wellness:</b>                     |                 |                 |  |
| Salaries & Employee Benefits         | \$24,279        | \$24,278        | \$1                                    |
| Operating Expenses                   | 12,785          | 12,785          |  |
| <b>Total</b>                         | <b>\$37,064</b> | <b>\$37,063</b> | <b>\$1</b>                             |
| <b>Mosquito Control:</b>             |                 |                 |  |
| Operating Expenses                   | <b>\$3,300</b>  | <b>\$1,938</b>  | <b>\$1,362</b>                         |
| <b>Diabetes:</b>                     |                 |                 |  |
| Operating Expenses                   | <b>\$1,000</b>  | <b>\$1,000</b>  | <b>\$0</b>                             |
| <b>Teen Pregnancy Prevention:</b>    |                 |                 |  |
| Salaries & Employee Benefits         | \$45,436        | \$45,435        | \$1                                    |
| Operating Expenses                   | 29,679          | 29,679          |  |
| <b>Total</b>                         | <b>\$75,115</b> | <b>\$75,114</b> | <b>\$1</b>                             |
| <b>NC PHER:</b>                      |                 |                 |  |
| Salaries & Employee Benefits         | \$78,582        | \$78,582        |  |
| Operating Expenses                   | 1,418           | 1,418           |  |
| <b>Total</b>                         | <b>\$80,000</b> | <b>\$80,000</b> | <b>\$0</b>                             |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|                              | Budget             | 2011 Actual        | Variance Favorable (Unfavorable) |
|------------------------------|--------------------|--------------------|----------------------------------|
| <b>H.E.A.L.T.H.Y.:</b>       |                    |                    |                                  |
| Salaries & Employee Benefits | \$2,225            | \$1,760            | \$465                            |
| Operating Expenses           | 20,387             | 5,746              | 14,641                           |
| <b>Total</b>                 | <b>\$22,612</b>    | <b>\$7,506</b>     | <b>\$15,106</b>                  |
| <b>Healthy Carolinian:</b>   |                    |                    |                                  |
| Salaries & Employee Benefits | \$47,921           | \$47,921           |                                  |
| Operating Expenses           | 3,342              | 3,342              |                                  |
| <b>Total</b>                 | <b>\$51,263</b>    | <b>\$51,263</b>    | <b>\$0</b>                       |
| <b>Maternity Care:</b>       |                    |                    |                                  |
| Operating Expenses           | \$44               | \$44               | \$0                              |
| <b>Total Health</b>          | <b>\$1,146,939</b> | <b>\$1,113,625</b> | <b>\$33,314</b>                  |
| <b>Mental Health:</b>        |                    |                    |                                  |
| <b>Administration:</b>       |                    |                    |                                  |
| Regional Allocation          | \$20,000           | \$20,000           |                                  |
| Bottle Tax                   | 4,600              | 3,658              | \$942                            |
| <b>Total Mental Health</b>   | <b>\$24,600</b>    | <b>\$23,658</b>    | <b>\$942</b>                     |
| <b>Social Services:</b>      |                    |                    |                                  |
| <b>Administration:</b>       |                    |                    |                                  |
| Salaries & Employee Benefits | \$1,242,027        | \$1,151,499        | \$90,528                         |
| Operating Expenses           | 987,395            | 932,040            | 55,355                           |
| Capital Outlay               | 56,994             | 49,011             | 7,983                            |
| <b>Total</b>                 | <b>\$2,286,416</b> | <b>\$2,132,550</b> | <b>\$153,866</b>                 |
| <b>AFDC Program:</b>         |                    |                    |                                  |
| Extra Items                  | \$4,000            | \$2,091            | \$1,909                          |
| Foster Care                  | 80,000             | 50,617             | 29,383                           |
| <b>Total</b>                 | <b>\$84,000</b>    | <b>\$52,708</b>    | <b>\$31,292</b>                  |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|  | Budget      | 2011 Actual | Variance Favorable (Unfavorable) |
|--|-------------|-------------|----------------------------------|
| <b>Medicaid Program:</b>                   |             |             |                                  |
| County Participation Only                  | \$50,000    | \$28,067    | \$21,933                         |
| <b>Foster Care</b>                         | \$10,000    | \$0         | \$10,000                         |
| <b>General Assistance</b>                  | \$1,100     | \$0         | \$1,100                          |
| <b>Aid to Blind</b>                        | \$1,956     | \$698       | \$1,258                          |
| <b>Day Care - County Participation</b>     | \$473,886   | \$457,587   | \$16,299                         |
| <b>Food Stamp - EBT</b>                    | \$5,247     | \$4,516     | \$731                            |
| <b>Title III - Homemaker:</b>              |             |             |                                  |
| Salaries & Employee Benefits               | \$55,004    | \$52,416    | \$2,588                          |
| Operating Expenses                         | 5,795       | 2,968       | 2,827                            |
| <b>Total</b>                               | \$60,799    | \$55,384    | \$5,415                          |
| <b>Work First Jobs Program</b>             | \$65,300    | \$44,894    | \$20,406                         |
| <b>Work First Family Assistance</b>        | \$1,000     | \$0         | \$1,000                          |
| <b>Supplemental Assistance</b>             | \$110,728   | \$93,758    | \$16,970                         |
| <b>Medicaid Transportation Dialysis</b>    | \$325,000   | \$305,139   | \$19,861                         |
| <b>Crisis Intervention</b>                 | \$68,252    | \$40,219    | \$28,033                         |
| <b>Adoption Assistance</b>                 | \$4,674     | \$2,636     | \$2,038                          |
| <b>Energy Assistance - Progress Energy</b> | \$4,584     | \$1,076     | \$3,508                          |
| <b>Adult &amp; Youth Services</b>          | \$16,500    | \$1,050     | \$15,450                         |
| <b>Long-Term Care Screening</b>            | \$8,000     | \$5,048     | \$2,952                          |
| <b>Domestic Violence</b>                   | \$7,183     | \$4,050     | \$3,133                          |
| <b>Total Social Services</b>               | \$3,584,625 | \$3,229,380 | \$355,245                        |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|   | Budget             | 2011 Actual        | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|----------------------------------|
| <b>Veterans Service Officer:</b>        |                    |                    |                                  |
| Salaries & Employee Benefits            | \$20,151           | \$19,732           | \$419                            |
| Operating Expenses                      | 4,390              | 2,385              | 2,005                            |
| <b>Total Veterans Service Officer</b>   | <b>\$24,541</b>    | <b>\$22,117</b>    | <b>\$2,424</b>                   |
| <b>Rural Transportation</b>             | <b>\$96,529</b>    | <b>\$58,805</b>    | <b>\$37,724</b>                  |
| <b>Tri-County Senior Citizens:</b>      |                    |                    |                                  |
| Salaries & Employee Benefits            | \$29,447           | \$28,893           | \$554                            |
| Title V                                 | 119,035            | 80,073             | 38,962                           |
| Transportation                          | 40,891             | 42,562             | (1,671)                          |
| SR Services Outreach                    | 8,924              | 8,292              | 632                              |
| <b>Total Tri-County Senior Citizens</b> | <b>\$198,297</b>   | <b>\$159,820</b>   | <b>\$38,477</b>                  |
| <b>TOTAL HUMAN SERVICES</b>             | <b>\$5,075,531</b> | <b>\$4,607,405</b> | <b>\$468,126</b>                 |
| <b>Cultural and Recreational:</b>       |                    |                    |                                  |
| <b>Recreational:</b>                    |                    |                    |                                  |
| Salaries & Employee Benefits            | \$27,575           | \$28,347           | (\$772)                          |
| Operating Expenses                      | 23,522             | 15,560             | 7,962                            |
| <b>Total</b>                            | <b>\$51,097</b>    | <b>\$43,907</b>    | <b>\$7,190</b>                   |
| <b>Civic Center:</b>                    |                    |                    |                                  |
| Operating Expenses                      | \$61,250           | \$38,948           | \$22,302                         |
| Capital                                 | 56,500             | 34,550             | 21,950                           |
| <b>Total</b>                            | <b>\$117,750</b>   | <b>\$73,498</b>    | <b>\$44,252</b>                  |
| <b>Interagency Council:</b>             |                    |                    |                                  |
| Operating Expenses                      | \$6,321            | \$4,929            | \$1,392                          |
| <b>Arts Council Appropriation</b>       | <b>\$1,775</b>     | <b>\$1,775</b>     | <b>\$0</b>                       |
| <b>Libraries Appropriation</b>          | <b>\$109,050</b>   | <b>\$104,029</b>   | <b>\$5,021</b>                   |
| <b>TOTAL CULTURAL AND RECREATIONAL</b>  | <b>\$285,993</b>   | <b>\$228,138</b>   | <b>\$57,855</b>                  |

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2011

|   | Budget               | 2011 Actual         | Variance Favorable (Unfavorable) |
|---|----------------------|---------------------|----------------------------------|
| <b>Education:</b>                           |                      |                     |                                  |
| <b>Public Schools:</b>                      |                      |                     |                                  |
| Current Expense                             | \$1,844,535          | \$1,649,753         | \$194,782                        |
| Forest Receipts                             | 50,000               | 58,507              | (8,507)                          |
| <b>Total</b>                                | <b>\$1,894,535</b>   | <b>\$1,708,260</b>  | <b>\$186,275</b>                 |
| <b>Community College:</b>                   |                      |                     |                                  |
| Salaries & Employee Benefits                | \$12,485             | \$11,484            | \$1,001                          |
| Operating Expenses                          | 63,856               | 63,856              |                                  |
| <b>Total</b>                                | <b>\$76,341</b>      | <b>\$75,340</b>     | <b>\$1,001</b>                   |
| <b>TOTAL EDUCATION</b>                      | <b>\$1,970,876</b>   | <b>\$1,783,600</b>  | <b>\$187,276</b>                 |
| <b>Debt Service:</b>                        |                      |                     |                                  |
| Principal Retirement                        | \$217,790            | \$217,790           |                                  |
| Interest                                    | 73,664               | 69,960              | \$3,704                          |
| <b>Total</b>                                | <b>\$291,454</b>     | <b>\$287,750</b>    | <b>\$3,704</b>                   |
| <b>Miscellaneous - County</b>               | <b>\$186,552</b>     | <b>\$100,287</b>    | <b>\$86,265</b>                  |
| <b>TOTAL EXPENDITURES</b>                   | <b>\$13,936,503</b>  | <b>\$12,391,970</b> | <b>\$1,544,533</b>               |
| <b>Revenues Over (Under) Expenditures</b>   | <b>(\$2,231,358)</b> | <b>(\$581,238)</b>  | <b>\$1,650,120</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                      |                     |                                  |
| <i>Transfers from Other Funds:</i>          |                      |                     |                                  |
| Enterprise Fund                             | \$65,000             | \$65,000            |                                  |
| Special Revenue Fund                        | 25,000               |                     | (\$25,000)                       |
| <i>Transfers to Other Funds:</i>            |                      |                     |                                  |
| Special Revenue Fund                        | (31,000)             | (30,165)            | 835                              |
| Installment Obligation Issued               | 91,000               | 91,770              | 770                              |
| Appropriated Fund Balance                   | 2,081,358            |                     | (2,081,358)                      |
| <b>Total Other Financing Sources (Uses)</b> | <b>\$2,231,358</b>   | <b>\$126,605</b>    | <b>(\$2,104,753)</b>             |
| <b>NET CHANGE IN FUND BALANCE</b>           | <b>\$0</b>           | <b>(\$454,633)</b>  | <b>(\$454,633)</b>               |
| <b>FUND BALANCES:</b>                       |                      |                     |                                  |
| Beginning of Year, July 1                   |                      | 8,651,490           |                                  |
| <b>End of Year, June 30</b>                 |                      | <b>\$8,196,857</b>  |                                  |

**JONES COUNTY, NORTH CAROLINA**  
**JONES SENIOR HIGH SCHOOL GYMNASIUM CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and for the Fiscal Year Ended June 30, 2011

|   | Project<br>Authorization | Prior<br>Years | Actual               |                      | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------------|----------------|----------------------|----------------------|--|
|   |                          |                | Current<br>Year      | Total<br>To Date     |  |
| <b>REVENUES:</b>  |                          |                |                      |                      |  |
| Investment Earnings   |                          |                | \$1,674              | \$1,674              | \$1,674                                |
| <b>Total Revenues</b>   | <b>\$0</b>               | <b>\$0</b>     | <b>\$1,674</b>       | <b>\$1,674</b>       | <b>\$1,674</b>                         |
| <b>EXPENDITURES:</b>  |                          |                |                      |                      |  |
| <i>Education:</i>   |                          |                |                      |                      |  |
| Architectural Services  | \$14,000                 |                | \$54,785             | \$54,785             | (\$40,785)                             |
| Miscellaneous   | 1,000                    |                |                      |                      | 1,000                                  |
| Advertisements  | 25,000                   |                |                      |                      | 25,000                                 |
| Contract Services   | 10,000                   |                |                      |                      | 10,000                                 |
| Contingency   | 50,000                   |                |                      |                      | 50,000                                 |
| Construction  | 2,400,000                |                | 2,340,875            | 2,340,875            | 59,125                                 |
| <b>Total Expenditures</b>   | <b>\$2,500,000</b>       | <b>\$0</b>     | <b>\$2,395,660</b>   | <b>\$2,395,660</b>   | <b>\$104,340</b>                       |
| <b>Revenues Over (Under) Expenditures</b>                                 | <b>(\$2,500,000)</b>     | <b>\$0</b>     | <b>(\$2,393,986)</b> | <b>(\$2,393,986)</b> | <b>\$106,014</b>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                          |                |                      |                      |  |
| Qualified School Construction Bonds Issued                                | \$2,500,000              |                | \$2,500,000          | \$2,500,000          |  |
| <b>Total Other Financing Sources</b>                                      | <b>\$2,500,000</b>       | <b>\$0</b>     | <b>\$2,500,000</b>   | <b>\$2,500,000</b>   | <b>\$0</b>                             |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</b> | <b>\$0</b>               | <b>\$0</b>     | <b>\$106,014</b>     | <b>\$106,014</b>     | <b>\$106,014</b>                       |
| <b>FUND BALANCES:</b>   |                          |                |                      |                      |  |
| Beginning of Year, July 1   |                          |                |                      |                      |  |
| <b>End of Year, June 30</b>   |                          |                | <b>\$106,014</b>     |                      |  |

## **COMBINING STATEMENTS FOR NON-MAJOR FUNDS**

### **Special Revenue Funds**

- *Property Revaluation Fund* – The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- *Emergency Telephone System Fund* – This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- *Community Development Block Grant* – This fund accounts for the receipt of federal grant funds to be used for replacing and repairing homes.
- *Energy Retrofit Fund* – This fund accounts for the receipt of federal grant funds to be used for lighting retrofits.

**JONES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2011

|  | <u>Special Revenue Funds</u>    |  |  | Total<br>Non-major<br>Special Revenue<br>Governmental<br>Funds | Total<br>Non-major<br>Governmental<br>Funds |
|--|---------------------------------|--|--|--|---|
|  | Property<br>Revaluation<br>Fund | Emergency<br>Telephone<br>System<br>Fund | Community<br>Development<br>Block<br>Grant |  |   |
| <b>ASSETS</b>                                  |                                 |  |  |  |   |
| Cash and Investments                           | \$125,751                       | \$416,778                                |  | \$542,529  | \$542,529                                   |
| Accounts Receivable, Net                       |                                 |  | \$24,885                                   | 24,885   | 24,885                                      |
| Due From Other Governments                     |                                 | 16,543                                   | 163,580                                    | \$76,736   | 256,859                                     |
| <b>TOTAL ASSETS</b>                            | <b>\$125,751</b>                | <b>\$433,321</b>                         | <b>\$188,465</b>                           | <b>\$76,736</b>  | <b>\$824,273</b>                            |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                 |  |  |  |   |
| <b>Liabilities:</b>                            |                                 |  |  |  |   |
| Accounts Payable                               |                                 | \$228                                    | \$120,965                                  | \$121,193  | \$121,193                                   |
| Due to Other Funds                             |                                 |  | 67,500                                     | \$74,750   | 142,250                                     |
| <b>Total Liabilities</b>                       | <b>\$0</b>                      | <b>\$228</b>                             | <b>\$188,465</b>                           | <b>\$74,750</b>  | <b>\$263,443</b>                            |
| <b>Fund Balances:</b>                          |                                 |  |  |  |   |
| Restricted:                                    |                                 |  |  |  |   |
| Stabilization by State Statute                 |                                 | \$16,543                                 | \$120,965                                  | \$76,736   | \$214,244                                   |
| Committed                                      | \$125,751                       |  |  | 125,751  | 125,751                                     |
| Unassigned                                     |                                 | 416,550                                  | (120,965)                                  | (74,750)   | 220,835                                     |
| <b>Total Fund Balances</b>                     | <b>\$125,751</b>                | <b>\$433,093</b>                         | <b>\$0</b>                                 | <b>\$1,986</b>   | <b>\$560,830</b>                            |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$125,751</b>                | <b>\$433,321</b>                         | <b>\$188,465</b>                           | <b>\$76,736</b>  | <b>\$824,273</b>                            |

**JONES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2011**

|   | Special Revenue Funds           |  |  | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---------------------------------|--|--|--|--|
|   | Property<br>Revaluation<br>Fund | Emergency<br>Telephone<br>System<br>Fund | Community<br>Development<br>Block<br>Grant |  |  |
| <b>REVENUES:</b>                            |                                 |  |  |  |  |
| Restricted Intergovernmental                |                                 | \$198,510                                | \$723,990                                  | \$330,761  | \$1,253,261                                |
| <b>Total Revenues</b>                       | <b>\$0</b>                      | <b>\$198,510</b>                         | <b>\$723,990</b>                           | <b>\$330,761</b>                                 | <b>\$1,253,261</b>                         |
| <b>EXPENDITURES:</b>                        |                                 |  |  |  |  |
| General Government                          |                                 |  |  | \$328,775  | \$328,775                                  |
| Public Safety                               |                                 | \$105,670                                |  | 105,670  | 105,670                                    |
| Economic & Physical Development             |                                 |  | \$729,155                                  | 729,155  | 729,155                                    |
| <b>Total Expenditures</b>                   | <b>\$0</b>                      | <b>\$105,670</b>                         | <b>\$729,155</b>                           | <b>\$328,775</b>                                 | <b>\$1,163,600</b>                         |
| <b>Revenues Over (Under) Expenditures</b>   | <b>\$0</b>                      | <b>\$92,840</b>                          | <b>(\$5,165)</b>                           | <b>\$1,986</b>                                   | <b>\$89,661</b>                            |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                                 |  |  |  |  |
| Transfers From (To) Other Funds             | \$25,000                        |  | \$5,165                                    |  | \$30,165                                   |
| <b>Total Other Financing Sources (Uses)</b> | <b>\$25,000</b>                 | <b>\$0</b>                               | <b>\$5,165</b>                             | <b>\$0</b>                                       | <b>\$30,165</b>                            |
| <b>Net Change in Fund Balances</b>          | <b>\$25,000</b>                 | <b>\$92,840</b>                          | <b>\$0</b>                                 | <b>\$1,986</b>                                   | <b>\$119,826</b>                           |
| <b>FUND BALANCES:</b>                       |                                 |  |  |  |  |
| Beginning of Year, July 1                   | 100,751                         | 340,253                                  |  | 441,004  | 441,004                                    |
| <b>End of Year, June 30</b>                 | <b>\$125,751</b>                | <b>\$433,093</b>                         | <b>\$0</b>                                 | <b>\$560,830</b>                                 | <b>\$560,830</b>                           |

**JONES COUNTY, NORTH CAROLINA**  
**PROPERTY REVALUATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2011**

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|   | <u>Annual<br/>Budget</u> | <u>2011<br/>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|--------------------------|------------------------|---|
| <b>OTHER FINANCING SOURCES:</b>   |                          |                        |   |
| Operating Transfer From General Fund                                      | \$25,000                 | \$25,000               |   |
| Appropriated Fund Balance   | (25,000)                 |                        | \$25,000  |
| <b>Total Other Financing Sources</b>                                      | <b>\$0</b>               | <b>\$25,000</b>        | <b>\$25,000</b>                                 |
| <br>  |                          |                        |   |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</b> | <b>\$0</b>               | <b>\$25,000</b>        | <b>\$25,000</b>                                 |
| <br>  |                          |                        |   |
| <b>FUND BALANCE:</b>  |                          |                        |   |
| Beginning of Year, July 1   |                          | 100,751                |   |
| <br>  |                          |                        |   |
| End of Year, June 30  |                          | <b>\$125,751</b>       |   |

**JONES COUNTY, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2011**

|   | Annual<br>Budget | 2011<br>Actual   | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|--|
| <b>REVENUES:</b>                          |                  |                  |  |
| <i>Restricted Intergovernmental:</i>      |                  |                  |  |
| PSAP Collections                          | \$120,678        | \$198,510        | \$77,832                               |
| <b>Total Revenues</b>                     | <b>\$120,678</b> | <b>\$198,510</b> | <b>\$77,832</b>                        |
| <b>EXPENDITURES:</b>                      |                  |                  |  |
| <i>Public Safety:</i>                     |                  |                  |  |
| Salaries & Employee Benefits              | \$15,437         | \$15,418         | \$19                                   |
| Software Maintenance                      | 49,500           | 46,884           | 2,616                                  |
| Hardware Maintenance                      | 13,500           | 14,636           | (1,136)                                |
| Miscellaneous                             | 19,363           | 5,854            | 13,509                                 |
| Capital Outlay                            | 22,878           | 22,878           |  |
| <b>Total Expenditures</b>                 | <b>\$120,678</b> | <b>\$105,670</b> | <b>\$15,008</b>                        |
| <b>Revenues Over (Under) Expenditures</b> | <b>\$0</b>       | <b>\$92,840</b>  | <b>\$92,840</b>                        |
| <b>FUND BALANCE:</b>                      |                  |                  |  |
| Beginning of Year, July 1                 |                  | 340,253          |  |
| End of Year, June 30                      |                  | <b>\$433,093</b> |  |

**JONES COUNTY, NORTH CAROLINA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**From Inception and for the Fiscal Year Ended June 30, 2011**

|   | Project<br>Authorization | Actual          |                  | Total<br>To Date | Variance                   |
|---|--------------------------|-----------------|------------------|------------------|----------------------------|
|   |                          | Prior<br>Years  | Current<br>Year  |                  | Favorable<br>(Unfavorable) |
| <b>REVENUES:</b>  |                          |                 |                  |                  |                            |
| <i>Restricted Intergovernmental:</i>                                  |                          |                 |                  |                  |                            |
| 2009 CDBG-R Scattered Site Housing                                    | 450,000                  | \$18,833        | 351,183          | 370,016          | (\$79,984)                 |
| 2009 Talent Enhancement Demonstration Grant                           | 75,000                   | 31,103          | 43,897           | 75,000           |                            |
| <i>Coastal Beverage Company Water Improvements:</i>                   |                          |                 |                  |                  |                            |
| 2009 CDBG-Economic Development  | 156,000                  |                 | 156,000          | 156,000          |                            |
| 2009 NC Department of Commerce IDF Grant                              | 130,000                  |                 | 130,000          | 130,000          |                            |
| 2009 Rural Economic Development Center EIF Grant                      | 103,285                  |                 | 42,910           | 42,910           | (60,375)                   |
| 2010 CDBG Scattered Site Housing                                      | 400,000                  |                 |                  |                  | (400,000)                  |
| <b>Total Revenues</b>   | <b>\$1,314,285</b>       | <b>\$49,936</b> | <b>\$723,990</b> | <b>\$773,926</b> | <b>(\$540,359)</b>         |
| <b>EXPENDITURES:</b>  |                          |                 |                  |                  |                            |
| <i>Economic Development:</i>  |                          |                 |                  |                  |                            |
| <i>2009 CDBG-R Scattered Site Housing:</i>                            |                          |                 |                  |                  |                            |
| Clearance   | \$39,000                 | \$4,000         | \$23,524         | \$27,524         | \$11,476                   |
| Administration  | 22,500                   | 2,833           | 19,667           | 22,500           |                            |
| Relocation  | 388,500                  | 12,000          | 310,676          | 322,676          | 65,824                     |
| <b>Total 2009 CDBG-R Scattered Site Housing Exp.</b>                  | <b>\$450,000</b>         | <b>\$18,833</b> | <b>\$353,867</b> | <b>\$372,700</b> | <b>\$77,300</b>            |
| <i>2009 Talent Enhancement Demonstration Grant:</i>                   |                          |                 |                  |                  |                            |
| Clearance   |                          |                 |                  |                  |                            |
| Administration  | \$7,500                  | \$6,150         | \$1,350          | \$7,500          |                            |
| Planning  | 67,500                   | 24,953          | 42,547           | 67,500           |                            |
| <b>Total 2009 TEDG Expenditures</b>                                   | <b>\$75,000</b>          | <b>\$31,103</b> | <b>\$43,897</b>  | <b>\$75,000</b>  | <b>\$0</b>                 |
| <i>Coastal Beverage Company Water Improvements:</i>                   |                          |                 |                  |                  |                            |
| Administration  | \$15,600                 |                 | \$15,600         | \$15,600         |                            |
| Planning  | 5,000                    |                 | 5,000            | 5,000            |                            |
| Water Improvements  | 373,850                  |                 | 310,462          | 310,462          | \$63,388                   |
| <b>Total Coastal Beverage Water Impv. Expenditures</b>                | <b>\$394,450</b>         | <b>\$0</b>      | <b>\$331,062</b> | <b>\$331,062</b> | <b>63,388</b>              |
| <i>2010 CDBG Scattered Site Housing:</i>                              |                          |                 |                  |                  |                            |
| Clearance   | \$36,000                 |                 |                  |                  | \$36,000                   |
| Reconstruction  | 300,000                  |                 |                  |                  | 300,000                    |
| Temporary Relocation  | 24,000                   |                 |                  |                  | 24,000                     |
| Administration  | 40,000                   |                 | \$329            | \$329            | 39,671                     |
| <b>Total 2010 CDBG Scattered Site Housing Exp.</b>                    | <b>\$400,000</b>         | <b>\$0</b>      | <b>\$329</b>     | <b>\$329</b>     | <b>\$399,671</b>           |
| <b>Total Expenditures</b>   | <b>\$1,319,450</b>       | <b>\$49,936</b> | <b>\$729,155</b> | <b>\$779,091</b> | <b>\$540,359</b>           |
| <b>Revenues Over (Under) Expenditures</b>                             | <b>(\$5,165)</b>         | <b>\$0</b>      | <b>(\$5,165)</b> | <b>(\$5,165)</b> | <b>\$0</b>                 |
| <b>OTHER FINANCING SOURCES (USES):</b>                                |                          |                 |                  |                  |                            |
| Local County Contribution   | \$5,165                  |                 | \$5,165          | \$5,165          |                            |
| <b>Total Other Financing Sources (Uses)</b>                           | <b>\$5,165</b>           | <b>\$0</b>      | <b>\$5,165</b>   | <b>\$5,165</b>   | <b>\$0</b>                 |
| <b>Revenues and Other Financing Sources Over (Under) Expenditures</b> | <b>\$0</b>               | <b>\$0</b>      | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>                 |
| <b>FUND BALANCE:</b>  |                          |                 |                  |                  |                            |
| Beginning of Year, July 1   |                          |                 |                  |                  |                            |
| End of Year, June 30  |                          |                 |                  | <b>\$0</b>       |                            |

**JONES COUNTY, NORTH CAROLINA**  
**ENERGY RETROFIT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2011**

|  | <u>Annual<br/>Budget</u> | <u>2011<br/>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|--------------------------|------------------------|---|
| <b>REVENUES:</b>   |                          |                        |   |
| <i>Restricted Intergovernmental:</i>   |                          |                        |   |
| NC State Energy Grant  | \$403,164                | \$330,761              | (\$72,403)                                      |
| Progress Energy Grant  | 57,576                   |                        | (57,576)  |
| <b>Total Revenues</b>  | <b>\$460,740</b>         | <b>\$330,761</b>       | <b>(\$129,979)</b>                              |
| <b>EXPENDITURES:</b>   |                          |                        |   |
| <i>General Government:</i>   |                          |                        |   |
| Supplies & Materials   | \$298,614                | \$239,827              | \$58,787  |
| Contract Services  | 186,626                  | 88,948                 | 97,678  |
| <b>Total Expenditures</b>  | <b>\$485,240</b>         | <b>\$328,775</b>       | <b>\$156,465</b>                                |
| <b>Revenues Over (Under) Expenditures</b>  | <b>(\$24,500)</b>        | <b>\$1,986</b>         | <b>\$26,486</b>                                 |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                          |                        |   |
| County Match In-Kind Labor   | \$24,500                 |                        | (\$24,500)                                      |
| <b>Total Other Financing Sources (Uses)</b>                                      | <b>\$24,500</b>          | <b>\$0</b>             | <b>(\$24,500)</b>                               |
| <b>Revenues and Other Financing Sources (Uses)<br/>Over (Under) Expenditures</b> | <b>\$0</b>               | <b>\$1,986</b>         | <b>\$1,986</b>                                  |
| <b>FUND BALANCE:</b>   |                          |                        |   |
| Beginning of Year, July 1  |                          |                        |   |
| <b>End of Year, June 30</b>  |                          | <b>\$1,986</b>         |   |

## **ENTERPRISE FUND**

***Water Fund*** – This fund accounts for the activities of the County's Water District, the associated Capital Reserve Fund and the Well Improvement Capital Project Fund.

**JONES COUNTY, NORTH CAROLINA**  
**WATER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)**  
**For The Fiscal Year Ended June 30, 2011**

|  | 2011             |                  | Variance<br>Favorable<br>(Unfavorable) |
|--|------------------|------------------|--|
|  | Budget           | Actual           |  |
| <b>OPERATING REVENUES:</b>                             |                  |                  |  |
| Water Sales  | \$900,500        | \$915,935        | \$15,435                               |
| Water Tap Fees   | 24,500           | 22,200           | (2,300)                                |
| Reconnect Fees   | 41,000           | 21,000           | (20,000)                               |
| Other Operating Revenues                               | 25,150           | 22,345           | (2,805)                                |
| <b>Total Operating Revenues</b>                        | <b>\$991,150</b> | <b>\$981,480</b> | <b>(\$9,670)</b>                       |
| <b>NONOPERATING REVENUES:</b>                          |                  |                  |  |
| Interest Earned on Investment                          |                  | \$921            | \$921                                  |
| <b>Total Nonoperating Revenues</b>                     | <b>\$0</b>       | <b>\$921</b>     | <b>\$921</b>                           |
| <b>Total Revenues</b>                                  | <b>\$991,150</b> | <b>\$982,401</b> | <b>(\$8,749)</b>                       |
| <b>OPERATING EXPENSES:</b>                             |                  |                  |  |
| <i>Water Administration, Billing &amp; Collection:</i> |                  |                  |  |
| Salaries & Employee Benefits                           | \$81,604         | \$71,121         | \$10,483                               |
| Professional Services                                  | 9,000            | 8,280            | 720                                    |
| Insurance  | 45,000           | 44,332           | 668                                    |
| Postage  | 13,000           | 11,165           | 1,835                                  |
| Supplies   | 1,000            | 686              | 314                                    |
| Printing   | 5,000            | 3,204            | 1,796                                  |
| Telephone  | 3,500            | 1,851            | 1,649                                  |
| Other Operating Expenses                               | 115,415          | 97,503           | 17,912                                 |
| <b>Total</b>   | <b>\$273,519</b> | <b>\$238,142</b> | <b>\$35,377</b>                        |
| <i>Raw Water Supply &amp; Maintenance:</i>             |                  |                  |  |
| Salaries & Employee Benefits                           | \$246,642        | \$212,611        | \$34,031                               |
| Electric Power   | 60,000           | 60,623           | (623)                                  |
| Vehicles Operation & Maintenance                       | 30,000           | 26,482           | 3,518                                  |
| Supplies & Materials                                   | 9,800            | 8,383            | 1,417                                  |
| Sample Analysis  | 12,000           | 6,589            | 5,411                                  |
| Other Operating Expenses                               | 86,073           | 80,506           | 5,567                                  |
| Maintenance & Replacement                              | 53,913           | 72,703           | (18,790)                               |
| <b>Total</b>   | <b>\$498,428</b> | <b>\$467,897</b> | <b>\$30,531</b>                        |
| <b>Total Operating Expenses</b>                        | <b>\$771,947</b> | <b>\$706,039</b> | <b>\$65,908</b>                        |
| <i>Debt Service:</i>                                   |                  |                  |  |
| Interest and Other Charges                             | \$48,603         | \$21,653         | \$26,950                               |
| Debt Principal   | 5,297            | 5,297            |  |
| <b>Total</b>   | <b>\$53,900</b>  | <b>\$26,950</b>  | <b>\$26,950</b>                        |

**JONES COUNTY, NORTH CAROLINA**  
**WATER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)**  
**For The Fiscal Year Ended June 30, 2011**

|   | 2011              |                    | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|--------------------|--|
|   | Budget            | Actual             |  |
| <i>Capital Outlay:</i>  |                   |                    |  |
| Construction  | \$80,780          | \$9,959            | \$70,821                               |
| <b>Total Expenditures</b>   | <b>\$906,627</b>  | <b>\$742,948</b>   | <b>\$163,679</b>                       |
| <b>Revenues Over (Under) Expenditures<br/>Before Other Financing Sources (Uses)</b> | <b>\$84,523</b>   | <b>\$239,453</b>   | <b>\$154,930</b>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                    |  |
| Transfer to General Fund  | (\$65,000)        | (\$65,000)         |  |
| Transfer to Water Capital Reserve Fund  | (85,000)          | (85,000)           |  |
| Appropriated Fund Balance   | 65,477            |                    | (\$65,477)                             |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(\$84,523)</b> | <b>(\$150,000)</b> | <b>(\$65,477)</b>                      |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</b>           | <b>\$0</b>        | <b>\$89,453</b>    | <b>\$89,453</b>                        |
| <b>Reconciliation From Budgetary Basis (Modified Accrual)<br/>to Full Accrual:</b>  |                   |                    |  |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</b>           |                   | <b>\$89,453</b>    |  |
| <b>Reconciling Items:</b>   |                   |                    |  |
| Debt Principal  |                   | \$5,297            |  |
| Capital Outlay  |                   | 9,959              |  |
| Increase in Accrued Vacation  |                   | (11,277)           |  |
| Depreciation  |                   | (223,094)          |  |
| Transfer to Water Capital Reserve   |                   | 85,000             |  |
| <b>Total Reconciling Items</b>  |                   | <b>(\$134,115)</b> |  |
| <b>Change in Net Assets</b>   |                   | <b>(\$44,662)</b>  |  |

**JONES COUNTY, NORTH CAROLINA**  
**WATER CAPITAL RESERVE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2011**

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|  | <b>Budget</b>     | <b>2011<br/>Actual</b>    | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|-------------------|---------------------------|---|
| <b><i>OTHER FINANCING SOURCES:</i></b>   |                   |                           |   |
| Transfer from Water Fund   | \$85,000          | \$85,000                  |   |
| Transfer to Well Improvement Capital Project Fund                                |                   | (280,163)                 | (\$280,163)                                     |
| Appropriated Fund Balance  | (85,000)          |                           | 85,000  |
| <b><i>Total Other Financing Sources</i></b>                                      | <b><u>\$0</u></b> | <b><u>(\$195,163)</u></b> | <b><u>(\$195,163)</u></b>                       |
| <b><i>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</i></b> | <b><u>\$0</u></b> | <b><u>(\$195,163)</u></b> | <b><u>(\$195,163)</u></b>                       |
| <b><i>FUND BALANCES:</i></b>   |                   |                           |   |
| Beginning of Year, July 1  |                   | 442,189                   |   |
| <b><i>End of Year, June 30</i></b>   |                   | <b><u>\$247,026</u></b>   |   |

**JONES COUNTY, NORTH CAROLINA**  
**WELL IMPROVEMENTS - ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2011**

|   | Project<br>Authorization | Actual            |                    | Total<br>To Date   | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------------|-------------------|--------------------|--------------------|--|
|   |                          | Prior<br>Years    | Current<br>Year    |                    |  |
| <b>REVENUES:</b>  |                          |                   |                    |                    |  |
| NC Rural Development Grant  | \$500,000                | \$0               | \$0                | \$0                | \$500,000                              |
| <b>EXPENDITURES:</b>  |                          |                   |                    |                    |  |
| Construction  | \$568,750                | \$35,676          | \$203,472          | \$239,148          | \$329,602                              |
| Engineering   | 45,000                   | 10,371            | 51,093             | 61,464             | (16,464)                               |
| Inspection  | 35,000                   |                   |                    |                    | 35,000                                 |
| Professional - Other  | 15,000                   |                   |                    |                    | 15,000                                 |
| Legal   | 7,500                    |                   | 3,988              | 3,988              | 3,512                                  |
| Permit Fees   | 2,500                    |                   | 380                | 380                | 2,120                                  |
| Advertisements  | 2,000                    | 309               |                    | 309                | 1,691                                  |
| Capital Outlay  | 20,000                   | 1,910             | 17,190             | 19,100             | 900                                    |
| Administration  | 25,000                   | 23                | 21                 | 44                 | 24,956                                 |
| Contingency   | 29,250                   |                   |                    |                    | 29,250                                 |
| <b>Total Expenditures</b>   | <b>\$750,000</b>         | <b>\$48,289</b>   | <b>\$276,144</b>   | <b>\$324,433</b>   | <b>\$425,567</b>                       |
| <b>Revenues Over (Under) Expenditures</b>                                 | <b>(\$250,000)</b>       | <b>(\$48,289)</b> | <b>(\$276,144)</b> | <b>(\$324,433)</b> | <b>\$74,433</b>                        |
| <b>OTHER FINANCING SOURCES:</b>   |                          |                   |                    |                    |  |
| Water Capital Reserve Fund (Local Match)                                  | \$250,000                | \$48,273          | \$280,163          | \$328,436          | (\$78,436)                             |
| <b>Total Other Financing Sources</b>                                      | <b>\$250,000</b>         | <b>\$48,273</b>   | <b>\$280,163</b>   | <b>\$328,436</b>   | <b>(\$78,436)</b>                      |
| <b>Revenues and Other Financing Sources<br/>Over (Under) Expenditures</b> | <b>\$0</b>               | <b>(\$16)</b>     | <b>\$4,019</b>     | <b>\$4,003</b>     | <b>\$4,003</b>                         |
| <b>FUND BALANCE:</b>  |                          |                   |                    |                    |  |
| Beginning of Year, July 1   |                          |                   | (16)               |                    |  |
| End of Year, June 30  |                          |                   | \$4,003            |                    |  |

## AGENCY FUNDS

**Agency Funds serve primarily as clearing mechanisms for cash resources that are collected by a government unit, held as such for a brief period, and then distributed to authorized recipients.**

*The following comprise the County's Agency Funds:*

***Social Services Fund*** – The Social Services Fund is used to account for funds received by the County by court order on behalf of citizens who are unable to manage their own financial affairs.

***Fines and Forfeitures Fund*** – This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Jones County Board of Education.

***Ad Valorem Tax Fund*** – This fund accounts for the proceeds of the ad valorem taxes that are collected by the County on behalf of the municipalities and other taxing jurisdictions within the County.

***Agricultural Extension Fund*** – This fund accounts for the moneys collected and disbursed by the Cooperative Extension office.

**JONES COUNTY, NORTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For The Fiscal Year Ended June 30, 2011**

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|-------------------|---------------------------|
| <b>Social Services Fund:</b>                                   |                              |                  |                   |                           |
| Assets, Cash and Investments                                   | \$18,176                     | \$30,862         | \$31,648          | \$17,390                  |
| Liabilities, Accounts Payable                                  | \$18,176                     | \$30,862         | \$31,648          | \$17,390                  |
| <b>Fines and Forfeitures Fund:</b>                             |                              |                  |                   |                           |
| Assets, Cash and Investments                                   | \$255                        | \$97,483         | \$96,179          | \$1,559                   |
| Accounts Receivable  | 6,967                        | 6,507            | 6,967             | 6,507                     |
| <b>Total</b>   | <u>\$7,222</u>               | <u>\$103,990</u> | <u>\$103,146</u>  | <u>\$8,066</u>            |
| Liabilities:   |                              |                  |                   |                           |
| Intergovernmental Payable -<br>Jones County Board of Education | \$6,782                      | \$92,899         | \$92,071          | \$7,610                   |
| Intergovernmental Payable -<br>State of North Carolina         | 440                          | 5,412            | 5,396             | 456                       |
| Total Liabilities  | <u>\$7,222</u>               | <u>\$98,311</u>  | <u>\$97,467</u>   | <u>\$8,066</u>            |
| <b>Ad Valorem Tax Fund:</b>                                    |                              |                  |                   |                           |
| Assets, Cash and Investments                                   | \$15,473                     | \$293,225        | \$292,995         | \$15,703                  |
| Liabilities, Intergovernmental Payables                        | \$15,473                     | \$293,225        | \$292,995         | \$15,703                  |
| <b>Agricultural Extension Fund:</b>                            |                              |                  |                   |                           |
| Assets, Cash and Investments                                   | \$29,128                     | \$23,670         | \$25,979          | \$26,819                  |
| Liabilities, Intergovernmental Payables                        | \$29,128                     | \$23,670         | \$25,979          | \$26,819                  |
| <b>Totals - All Agency Funds:</b>                              |                              |                  |                   |                           |
| Assets, Cash   | \$63,032                     | \$445,240        | \$446,801         | \$61,471                  |
| Accounts Receivable  | 6,967                        | 6,507            | 6,967             | 6,507                     |
|  | <u>\$69,999</u>              | <u>\$451,747</u> | <u>\$453,768</u>  | <u>\$67,978</u>           |
| <b>Liabilities and Payables</b>                                | <u>\$69,999</u>              | <u>\$446,068</u> | <u>\$448,089</u>  | <u>\$67,978</u>           |

## **STATISTICAL SECTION**

**This section includes additional information required on property taxes and transfers.**

- **Statement of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Ten Largest Taxpayers**

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF AD VALOREM TAXES RECEIVABLE  
June 30, 2011

| Fiscal Year<br>Ended June 30,                                    | Uncollected<br>Balance<br>June 30, 2010 | Additions          | Collections<br>and<br>Credits | Uncollected<br>Balance<br>June 30, 2011 |
|--|---|--------------------|-------------------------------|---|
| 2010-11  |   | \$5,190,499        | \$4,790,465                   | \$400,034                               |
| 2009-10  | \$274,160                               |                    | 226,134                       | 48,026                                  |
| 2008-09  | 66,767                                  |                    | 40,887                        | 25,880                                  |
| 2007-08  | 26,885                                  |                    | 5,913                         | 20,972                                  |
| 2006-07  | 18,984                                  |                    | 2,951                         | 16,033                                  |
| 2005-06  | 20,575                                  |                    | 2,017                         | 18,558                                  |
| 2004-05  | 11,666                                  |                    | 757                           | 10,909                                  |
| 2003-04  | 11,611                                  |                    | 967                           | 10,644                                  |
| 2002-03  | 11,058                                  |                    | 708                           | 10,350                                  |
| 2001-02  | 8,615                                   |                    | 731                           | 7,884                                   |
| 2000-01  | 12,619                                  |                    | 12,619                        |   |
|  | <u>\$462,940</u>                        | <u>\$5,190,499</u> | <u>\$5,084,149</u>            | <u>\$569,290</u>                        |
| Less: Allowance for Uncollectible Ad Valorem Taxes               |   |                    |                               | (19,000)                                |
| Plus: Uncollected 2010-2011 Ad Valorem Taxes Receivable Vehicles |   |                    |                               | 59,311                                  |
| <b>Ad Valorem Taxes Receivable - Net</b>                         |   |                    |                               | <u><b>\$609,601</b></u>                 |
| Reconciliation with Revenue:                                     |   |                    |                               |   |
| Taxes - Ad Valorem - General Fund                                |   |                    |                               | <u><b>\$5,118,369</b></u>               |
| <i>Reconciling Items:</i>  |   |                    |                               |   |
| Penalties and Costs  |   |                    |                               | (\$1,951)                               |
| Discounts Allowed  |   |                    |                               | 23,362                                  |
| Taxes Written Off  |   |                    |                               | 12,619                                  |
| Interest Collected   |   |                    |                               | (61,708)                                |
| Finance Office - Billing   |   |                    |                               | (9,674)                                 |
| Prior Year Releases  |   |                    |                               | 3,132                                   |
| <b>Total Reconciling Items</b>                                   |   |                    |                               | <u><b>(\$34,220)</b></u>                |
| <b>Total Collections and Credits</b>                             |   |                    |                               | <u><b>\$5,084,149</b></u>               |

**JONES COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
For The Fiscal Year Ended June 30, 2011

|   | County-Wide           |      | Total Levy  |                              |                  |
|---|-----------------------|------|---|------------------------------|------------------|
|   |                       |      | Property<br>Excluding<br>Registered<br>Motor Vehicles | Registered<br>Motor Vehicles |                  |
|   | Property<br>Valuation | Rate |   | Amount of<br>Levy            |                  |
| <b>Original Levy:</b>                                       |                       |      |   |                              |                  |
| Property and Motor Vehicles Taxed<br>at Current Year's Rate | \$696,951,154         | 0.70 | \$4,881,171   | \$4,562,604                  | \$318,567        |
| Property and Motor Vehicles Taxed<br>at Prior Year's Rate   | 24,206,238            | 0.70 | 169,444   |                              | 169,444          |
| <b>Total Original Levy</b>                                  | <b>\$721,157,392</b>  |      | <b>\$5,050,615</b>                                    | <b>\$4,562,604</b>           | <b>\$488,011</b> |
| <b>Discoveries:</b>   |                       |      |   |                              |                  |
| Current Year Taxes  | \$5,516,812           | 0.70 | \$38,618  | \$38,618                     |                  |
| Prior Year Taxes  |                       |      | 114,224   | 114,224                      |                  |
| <b>Total</b>  | <b>\$5,516,812</b>    |      | <b>\$152,842</b>                                      | <b>\$152,842</b>             | <b>\$0</b>       |
| <b>Deferred:</b>  |                       |      |   |                              |                  |
| Current Year Taxes  | \$1,353,488           | 0.70 | \$9,419   | \$9,419                      |                  |
| <b>Abatements</b>   | <b>(\$3,196,774)</b>  |      | <b>(\$22,377)</b>                                     | <b>(\$22,377)</b>            |                  |
| <b>Total Property Valuation</b>                             | <b>\$724,830,918</b>  |      |   |                              |                  |
| <b>Net Levy</b>   |                       |      | <b>\$5,190,499</b>                                    | <b>\$4,702,488</b>           | <b>\$488,011</b> |
| Uncollected Taxes at June 30, 2011                          |                       |      | 400,034   | 308,612                      | 91,422           |
| <b>Current Year's Taxes Collected</b>                       |                       |      | <b>\$4,790,465</b>                                    | <b>\$4,393,876</b>           | <b>\$396,589</b> |
| <b>Current Levy Collection Percentage</b>                   |                       |      | <b>92.29%</b>   | <b>93.44%</b>                | <b>81.27%</b>    |

**JONES COUNTY, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
For The Fiscal Year Ended June 30, 2011

| <b>Taxpayer</b>                        | <b>Type of Business</b> | <b>2010 Assessed Valuation</b> | <b>Percentage of Total Assessed Valuation</b> |
|--|-------------------------|--------------------------------|---|
| Weyerhaeuser Company                   | Timber                  | \$19,628,751                   | 2.71%   |
| Jones - Onslow EMC                     | Utility                 | \$18,099,324                   | 2.50%   |
| Brown's Realty Partnership             | Real Estate             | \$9,911,534                    | 1.37%   |
| Jones County Cotton Gin                | Agricultural            | \$6,023,593                    | 0.83%   |
| Progress Energy                        | Utility                 | \$4,630,039                    | 0.64%   |
| Carolina Telephone & Telegraph Company | Utility                 | \$4,329,593                    | 0.60%   |
| Brunswick Timber LLC                   | Timber                  | \$2,945,357                    | 0.41%   |
| ECIM Properties LLC                    | Real Estate Rental      | \$2,786,259                    | 0.38%   |
| Brown's Farm LLC                       | Agricultural            | \$2,546,124                    | 0.35%   |
| Eastern NC Broadcasting Corporation    | Broadcasting            | \$2,383,806                    | 0.33%   |

**COMPLIANCE SECTION**



**BARROW, PARRIS & DAVENPORT, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**662 SUSSEX STREET**  
**KINSTON, NORTH CAROLINA 28504-8319**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of County Commissioners  
Jones County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated November 30, 2011. 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. The financial statements of Jones County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 11-1 to be a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as Finding 11-2.

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

This report is intended solely for the information of the audit committee, management, others within the organization, members of the county commissioners, and federal and State awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

*Barrow, Parris & Davenport, P.A.*  
\_\_\_\_\_  
BARROW, PARRIS & DAVENPORT, P.A.

November 30, 2011



**BARROW, PARRIS & DAVENPORT, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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To the Board of County Commissioners  
Jones County, North Carolina

Compliance

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2011. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

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

In our opinion, Jones County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which are described in the accompanying schedule of findings and questioned costs as Finding 11-3, Finding 11-4, Finding 11-5, and Finding 11-6.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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, 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-4 and 11-5 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-3 and 11-6 to be significant deficiencies.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Barrow, Parris & Davenport, P.A.*  
BARROW, PARRIS & DAVENPORT, P.A.

November 30, 2011



**BARROW, PARRIS & DAVENPORT, P.A.**  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE  
SINGLE AUDIT IMPLEMENTATION ACT**

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To the Board of County Commissioners  
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2011. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act 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 State program occurred. An audit includes examining, on a test basis, evidence about Jones 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. Our audit does not provide a legal determination on Jones County's compliance with those requirements.

In our opinion, Jones County complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which are described in the accompanying schedule of findings and questioned costs as items 11-7 and 11-8.

Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Jones County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-7 to be a material weakness.

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 of a State 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-8 to be a significant deficiency.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Barrow, Parris & Davenport, P.A.*  
BARROW, PARRIS & DAVENPORT, P.A.

November 30, 2011

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2011

**I. SUMMARY OF AUDITOR'S RESULTS**

|  | YES           | NO            |
|--|---------------|---------------|
| <b><u>Financial Statements</u></b>   |               |               |
| Type of auditor's report issued: Unqualified   |               |               |
| Internal control over financial reporting:   |               |               |
| • Material weakness(es) identified   | <u>  X  </u>  | <u>      </u> |
| • Significant deficiency(s) identified that are not considered to be material weaknesses | <u>      </u> | <u>  X  </u>  |
| Noncompliance material to financial statements noted                                     | <u>      </u> | <u>  X  </u>  |

**Federal Awards**

|   |              |               |
|---|--------------|---------------|
| Internal control over major programs:   |              |               |
| • Material weakness(es) identified  | <u>  X  </u> | <u>      </u> |
| • Significant deficiency(s) identified that are not considered to be material weaknesses                          | <u>  X  </u> | <u>      </u> |
| Type of auditor's report issued on compliance for major federal programs: Unqualified                             |              |               |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 | <u>  X  </u> | <u>      </u> |

Identification of major federal programs:

| <b><u>CFDA Numbers</u></b> | <b><u>Name of Federal Programs or Cluster</u></b>   |
|----------------------------|---|
|                            | <b>Subsidized Child Care Cluster:</b>               |
| 93.596                     | Child Care Development Fund-Administration          |
| 93.575                     | Child Care and Development Fund-Discretionary       |
| 93.596                     | Child Care and Development Fund-Mandatory and Match |
| 93.558                     | Temporary Assistance for Needy Families             |
| 93.667                     | Social Services Block Grant                         |
| 93.713                     | ARRA-Child Care and Development Fund                |
| 93.778                     | Medical Assistance Program                          |
|                            | <b>Community Development Block Grant Cluster:</b>   |
| 14.228                     | CDBG - Economic Development                         |
| 14.228                     | CDBG - Talent Enhancement                           |
| 14.255                     | ARRA - CDBG - Small Cities-Scattered Site-Recovery  |

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2011

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Dollar threshold used to distinguish between  
Type A and Type B Programs \$396,842

|                                       | <u>YES</u>    | <u>NO</u>    |
|---------------------------------------|---------------|--------------|
| Auditee qualified as low-risk auditee | <u>      </u> | <u>  X  </u> |

Internal control over major State programs:

- Material weakness(es) identified   X
- Significant deficiency(s) identified that are not considered to be material weaknesses   X

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act   X         

Identification of major State programs:

**Program Name**

Medical Assistance Program

Child Care and Development Fund – Match

**II. FINANCIAL STATEMENT FINDINGS**

**FINDING 11-1**

**MATERIAL WEAKNESS**

*Criteria:* The County should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with generally accepted accounting principles.

*Condition:* Although the County has employed financial personnel to perform the daily functions of the finance department, the staff does not have the technical training and background to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.

*Effect:* The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2011

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*Cause:* The County does not have financial personnel that have the necessary technical training and expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.

*Recommendation:* The County may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function. However, an analysis of the costs versus benefits should be considered.

*Views of Responsible Officials and Planned Corrective Action:* Due to the related costs to eliminate this deficiency, management has determined that they are willing to accept the risks associated with the deficiency. They will monitor the internal controls over financial reporting, and will make attempts to improve the related internal control process when feasible.

**FINDING 11-2**

**IMMATERIAL NONCOMPLIANCE**

*Criteria:* In accordance with North Carolina General Statute 159-28, no obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

*Condition:* Expenditures made in one department in a capital project fund exceeded the appropriation made by the governing board.

*Effect:* Funds were expended that had not been appropriated by the Board and the expenditures were not in accordance with applicable State statutes.

*Cause:* The County did not amend the budget for changes occurring through the year not anticipated in the initial adoption of the project budget ordinance.

*Recommendation:* The budget should be monitored closely to ensure that appropriations are available before expenditures are incurred.

*Views of Responsible Officials and Planned Corrective Action:* The County agrees with the finding. The Board will be given monthly budget reports for review. Budget amendments will be made as necessary prior to expenditures being incurred.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2011

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III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 11-3 (REPEAT FINDING)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Names: Subsidized Child Care Cluster: Child Care Development Fund – Administration, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant, ARRA-Child Care and Development Fund; Medical Assistance Program

CFDA#s: 93.575, 93.596, 93.558, 93.667, 93.778

**IMMATERIAL NONCOMPLIANCE  
SIGNIFICANT DEFICIENCY**

Reporting

*Criteria:* County employees must maintain day sheets and account for 100% of their time per the DSS fiscal manual.

*Condition:* There were 12 instances of employees not accounting for their time properly.

*Questioned Costs:* None. Since the time in question is general and administrative time, there is no cost effect to the reporting on the DSS-1571.

*Context:* In our test of 3 randomly selected employees (each tested for two months), we noted 12 instances where employees had not accounted for their time properly.

*Effect:* Since the time in question is general and administrative time, there is no cost effect to the reporting on the DSS-1571. However, the potential exists for incorrect reimbursement to the County.

*Cause:* Employees not following proper procedures when completing day sheets. No apparent supervisory review.

*Recommendation:* Employees should be responsible for accounting for 100% of time worked. Supervisory personnel should implement periodic review procedures to ensure accurate recording of time.

*Views of Responsible Officials and Planned Corrective Actions:* The County agrees with the finding. Responsible staff will be reminded of the requirement that all employees must maintain day sheets that account for 100% of their time.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2011

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**FINDING 11-4 (REPEAT FINDING)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Medical Assistance Program

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

Eligibility

*Criteria:* As part of the basic program requirements, Medicaid workers must document the client's citizenship or alien status. Workers must also document two acceptable verifications of State residency. The file should contain a Case Profile which is produced when an application is approved or upon re-approval/termination of benefits for an ongoing case. An eligibility review should be completed timely at least annually. In addition, the case file should contain either a copy of form DMA-5046, Notice of Rights to Transportation, or documentation that the form was sent to the client.

*Condition:* Five client files contained documentation errors, with some client files containing multiple errors.

*Questioned Costs:* Unable to determine since this is a direct benefit payment. However, the potential exists for ineligible clients to receive Medical Assistance Program benefits.

*Context:* In our test of 40 client files, 3 files did not contain proper citizenship documentation, 1 file did not contain proper State residency documentation, 3 files did not contain proper documentation for the Notice of Rights to Transportation, 1 file did not contain an appropriate case profile and 1 file did not have a review performed timely.

*Effect:* Clients who are potentially ineligible may be receiving services.

*Cause:* Responsible personnel are not properly documenting case files.

*Recommendation:* Each instance noted above was brought to the attention of the appropriate caseworker and recommended to be corrected at or before the client's next review.

*Views of Responsible Officials and Planned Corrective Actions:* The County agrees with this finding. Procedures will be implemented to ensure that proper documentation is included in each case file.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2011

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FINDING 11-5

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Medicaid - Transportation

CFDA #s: 93.778

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

Eligibility

*Criteria:* Medicaid transportation workers must do an assessment of need for each certification period. A certification period may be for each individual trip, for a series of appointments, or for a "blanket" period of time not to exceed the Medicaid certification period.

*Condition:* Two clients did not have a needs assessment performed during the certification period tested.

*Questioned Costs:* \$14,749. This represents 8% of the total dollars spent on Medicaid Transportation. Eight percent of the total federal dollars spent on Medicaid Transportation was calculated to be the questioned cost due to the lack of needs assessments in eight percent of the files tested.

*Context:* In our test of 25 client files, 2 files did not have a current needs assessment. An assessment of need was not done for each certification period.

*Effect:* Clients are receiving continuing transportation services without regard to need.

*Cause:* Responsible personnel are not completing needs assessments for each certification period.

*Recommendation:* Needs assessments should be done for each certification period in accordance with state policy to ensure that only eligible clients are receiving services.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that assessments are done for each certification period.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2011

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**FINDING 11-6**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Passed Through the N.C. Department of Health and Human Services:*

Program Name: Subsidized Child Care Cluster (Temporary Assistance for Needy Families, Child Care and Development Fund-Mandatory, Child Care and Development Fund-Match)

CFDA #'s: 93.558, 93.667, 93.575, 93.596

**IMMATERIAL NONCOMPLIANCE  
SIGNIFICANT DEFICIENCY**

Eligibility

*Criteria:* Parent fees and the portion paid by the County should be determined and recorded accurately at initial application and annual and quarterly redeterminations.

*Condition:* Two participants paid incorrect parent fees and one participant received assistance although their income was never verified.

*Questioned Costs:* \$0. The errors were corrected before year-end.

*Context:* In our test of 40 participant files, we noted 2 instances where parent fees were incorrectly calculated and 1 instance where the participant file had no proof of income.

*Effect:* Parent fees, in 1 case, were calculated to be higher than they should have been and, in 1 case, were calculated to be lower than they should have been. In 1 participant file, there was no proof of income. Income was based on anticipated wages, but was never verified.

*Cause:* Parent fees were determined with incorrect income in 2 cases and income was not verified in 1 case.

*Recommendation:* Personnel responsible for fee determination should accurately record fees at initial determination and quarterly and annual determination. Supervisory personnel should implement specific periodic review procedures to ensure accurate recording of correct fees.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that fees are determined accurately and that periodic review procedures are performed by supervisory personnel.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2011

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**IV. STATE AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 11-7**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medical Assistance Program

*REFER TO FEDERAL FINDING 11-4*

**FINDING 11-8**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster (Temporary Assistance for Needy Families, Child Care and Development Fund-Mandatory, Child Care and Development Fund-Match)

*REFER TO FEDERAL FINDING 11-6*

JONES COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For The Fiscal Year Ended June 30, 2011

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**FINANCIAL STATEMENT FINDINGS**

**FINDING: 11-1**

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The County has determined that we are willing to accept the risks associated with this deficiency.
- C. Proposed Completion Date: No corrective action will be taken at this time.

**FINDING: 11-2**

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The budget will be more closely monitored and amended as necessary.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FEDERAL AWARD FINDINGS**

**FINDING: 11-3**

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: All responsible staff will be reminded of the requirement that all employees must maintain day sheets that account for 100% of their time.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 11-4**

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that proper documentation is included in each case file.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 11-5**

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that assessments are done and done timely in the future.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**JONES COUNTY, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For The Fiscal Year Ended June 30, 2011

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***FINDING: 11-6***

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that fees are determined accurately and that periodic review procedures are performed by supervisory personnel.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**STATE AWARD FINDINGS**

***FINDING 11-7***

*REFER TO FEDERAL FINDING 11-4*

***FINDING 11-8***

*REFER TO FEDERAL FINDING 11-6*

**JONES COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
 For The Fiscal Year Ended June 30, 2011

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- FINDING 10-1**            **(Financial Reporting)**  
 STATUS:                    Not corrected. See current year finding 11-1.
- FINDING 10-2**            **(Budgetary Over-expenditures)**  
 STATUS:                    Not corrected. See current year finding 11-2.
- FINDING 10-3**            **(DSS-1571 - Day Sheets)**  
 STATUS:                    Not corrected. See current year finding 11-3.
- FINDING 10-4**            **(Medical Assistance Program - Documentation)**  
 STATUS:                    Not corrected. See current year finding 11-4.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                           | CFDA<br>Number | Federal-(Direct<br>& Pass-Through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| <b>FEDERAL PROGRAMS</b>   |                |  |                       |                       |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>                                  |                |  |                       |                       |
| <b>Food and Nutrition Service:</b>                                      |                |  |                       |                       |
| <i>Passed Through NC Department of Health and Human Services:</i>       |                |  |                       |                       |
| <b>Division of Social Services:</b>                                     |                |  |                       |                       |
| <b>Administration:</b>  |                |  |                       |                       |
| <b>Supplemental Nutrition Assist. Program Cluster:</b>                  |                |  |                       |                       |
| <i>Administered by County Dept. of Social Services:</i>                 |                |  |                       |                       |
| State Administrative Matching Grants for the                            |                |  |                       |                       |
| Supplemental Nutrition Assist. Program                                  | 10.561         | \$189,662  | (\$120)               | \$143,425             |
| Supplemental Nutrition Assist. Program Fraud                            | 10.561         | 23,185   |                       | 23,185                |
| <b>Total Supplemental Nutrition Assist. Program Cluster</b>             |                | <b>\$212,847</b>                                   | <b>(\$120)</b>        | <b>\$166,610</b>      |
| <i>Passed Through NC Department of Health and Human Services:</i>       |                |  |                       |                       |
| <b>Division of Public Health:</b>                                       |                |  |                       |                       |
| <b>Administration:</b>  |                |  |                       |                       |
| <i>Administered by County Health Department:</i>                        |                |  |                       |                       |
| Special Supplemental Nutrition Program for Women,<br>Infants & Children | 10.557         | \$72,360   |                       |                       |
| <b>Direct Benefit Payments:</b>   |                |  |                       |                       |
| Special Supplemental Nutrition Program for Women,<br>Infants & Children | 10.557         | 148,204  |                       |                       |
|   |                | <b>\$220,564</b>                                   | <b>\$0</b>            | <b>\$0</b>            |
| <b>Division of Aging:</b>   |                |  |                       |                       |
| <b>Administration:</b>  |                |  |                       |                       |
| <i>Administered by County Finance Department:</i>                       |                |  |                       |                       |
| Nutrition Program for the Elderly-C1                                    | 10.570         | \$10,310   |                       |                       |
|   |                | <b>\$10,310</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b>Food Distribution Division:</b>                                      |                |  |                       |                       |
| <i>Administered by County Dept. of Social Services:</i>                 |                |  |                       |                       |
| Commodity Supplemental Food Program                                     | 10.565         | \$24,657   |                       |                       |
|   |                | <b>\$24,657</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b>Total U.S. Department of Agriculture</b>                             |                | <b>\$468,378</b>                                   | <b>(\$120)</b>        | <b>\$166,610</b>      |

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                           | CFDA<br>Number | Federal-(Direct<br>& Pass-Through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| <b><u>U.S. DEPARTMENT OF ENERGY:</u></b>                                |                |  |                       |                       |
| <i>Passed Through NC Department of Commerce:</i>                        |                |  |                       |                       |
| ARRA-State Energy Program-Energy Efficiency in Gov't Buildings          | 81.041         | \$330,761  |                       |                       |
| <b>Total U.S. Department of Energy</b>                                  |                | <b>\$330,761</b>                                   | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>                        |                |  |                       |                       |
| <i>Passed Through NC Department of Transportation:</i>                  |                |  |                       |                       |
| Safety Belt Enforcement   | 20.609         | \$24,088   |                       |                       |
| <b>Total U.S. Department of Transportation</b>                          |                | <b>\$24,088</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>          |                |  |                       |                       |
| <i>Passed Through NC Department of Commerce:</i>                        |                |  |                       |                       |
| <b>Community Development Block Grant Cluster:</b>                       |                |  |                       |                       |
| Economic Development  | 14.228         | \$156,000  |                       |                       |
| Talent Enhancement  | 14.228         | 43,898   |                       |                       |
| ARRA - Small Cities - Scattered Site - Recovery                         | 14.255         | 351,183  |                       |                       |
| <b>Total U.S. Department of Housing and Urban Development</b>           |                | <b>\$551,081</b>                                   | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>                     |                |  |                       |                       |
| <i>Passed Through NC Department of Crime Control and Public Safety:</i> |                |  |                       |                       |
| <b>Division of Emergency Management:</b>                                |                |  |                       |                       |
| <i>Administered by County Department of Emergency Management:</i>       |                |  |                       |                       |
| Emergency Management Assistance   | 97.042         | \$22,647   |                       |                       |
| <b>Total U.S. Department of Homeland Security</b>                       |                | <b>\$22,647</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>             |                |  |                       |                       |
| <b><u>Administration on Aging:</u></b>                                  |                |  |                       |                       |
| <i>Passed Through NC Department of Health and Human Services:</i>       |                |  |                       |                       |
| <b>Aging Cluster:</b>   |                |  |                       |                       |
| <i>Administered by County Finance Department:</i>                       |                |  |                       |                       |
| <b>Special Programs for the Elderly-</b>                                |                |  |                       |                       |
| Congregate Nutrition  |                |  | \$4,554               |                       |
| Title III C-Nutritional Services (Congregate)                           | 93.045         | \$47,044   | 2,767                 | \$4,981               |
| Home Delivered Meals  |                |  | 16,793                | 1,680                 |
| Title III C-Nutritional Services (Home Delivered Meals)                 | 93.045         | 22,745   | 1,338                 | 2,408                 |
| In Home Aid   | 93.667         | 21,547   | 3                     | 3,648                 |
| In Home Aid   |                |  | 24,905                |                       |
| In Home Aid Title III   | 93.044         | 22,782   | 1,340                 |                       |
| NSIP Supplement   | 10.570         | 10,310   |                       |                       |
| <b>Total Aging Cluster</b>  |                | <b>\$124,428</b>                                   | <b>\$51,700</b>       | <b>\$12,717</b>       |

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                     | CFDA<br>Number | Federal-(Direct<br>& Pass-Through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| <b>Office of the Population Affairs:</b>                          |                |  |                       |                       |
| <i>Passed Through NC Department of Health and Human Services:</i> |                |  |                       |                       |
| <b>Division of Public Health:</b>                                 |                |  |                       |                       |
| <i>Administered by County Health Department:</i>                  |                |  |                       |                       |
| Family Planning Services Title X                                  | 93.217         | \$24,341   |                       |                       |
| Prevention Investigations and Technical                           | 93.283         | 117,204  |                       |                       |
| Temporary Assistance for Needy Families                           | 93.558         | 1,093  |                       |                       |
|   |                | <b>\$142,638</b>                                   | <b>\$0</b>            | <b>\$0</b>            |
| <b>Administration for Children and Families:</b>                  |                |  |                       |                       |
| <i>Passed Through NC Department of Health and Human Services:</i> |                |  |                       |                       |
| <b>Division of Social Services:</b>                               |                |  |                       |                       |
| <b>Foster Care and Adoption Cluster:</b>                          |                |  |                       |                       |
| Title IV-E Foster Care-Administration                             | 93.658         | \$53,583   | \$13,256              | \$36,753              |
| Foster Care-Direct Benefit Payments                               | 93.658         | 10,052   | 4,021                 | 6,031                 |
| Adoption Assistance-Direct Benefit Payments                       | 93.659         | 32,510   | 2,177                 | 8,040                 |
| <b>Total Foster Care and Adoption Cluster</b>                     |                | <b>\$96,145</b>                                    | <b>\$19,454</b>       | <b>\$50,824</b>       |
| <b>Temporary Assistance for Needy Families Cluster</b>            |                |  |                       |                       |
| <i>Administered by County Dept. of Social Services:</i>           |                |  |                       |                       |
| Work First/Temporary Assistance for Needy Families (TANF)         | 93.558         | \$56,122   |                       | \$16,947              |
| Work First Service  | 93.558         | 148,577  |                       | 84,588                |
| Work First/TANF-Direct Benefit Payments                           | 93.558         | 65,834   | \$4                   | 179                   |
| Domestic Violence (TANF)  | 93.558         | 3,203  |                       | 600                   |
| <b>Total TANF Cluster</b>   |                | <b>\$273,736</b>                                   | <b>\$4</b>            | <b>\$102,314</b>      |
| NC Child Support Enforcement Section                              | 93.563         | <b>\$300,048</b>                                   | <b>\$39</b>           | <b>\$154,590</b>      |
| <b>Low Income Home Energy Assistance Block Grant:</b>             |                |  |                       |                       |
| Administration  | 93.568         | \$8,589  |                       |                       |
| Crisis Intervention Program                                       | 93.568         | 37,678   |                       |                       |
| Energy Assistance Payments-Direct Benefit Payments                | 93.568         | 108,366  |                       | \$156                 |
|   |                | <b>\$154,633</b>                                   | <b>\$0</b>            | <b>\$156</b>          |
| Family Preservation   | 93.556         | <b>\$1,147</b>                                     | <b>\$0</b>            | <b>\$0</b>            |
| Family Violence Prevention  | 93.671         | <b>\$900</b>                                       | <b>\$0</b>            | <b>\$0</b>            |
| Permanency Planning-Administration                                | 93.645         | \$2,755  |                       | \$918                 |
| Adoption Subsidy-Direct Benefit Payments                          |                |  | \$7,608               |                       |
|   |                | <b>\$2,755</b>                                     | <b>\$7,608</b>        | <b>\$918</b>          |
| <i>Passed Through NC Department of Health and Human Services:</i> |                |  |                       |                       |
| <b>Division of Social Services:</b>                               |                |  |                       |                       |
| Social Services Block Grant                                       | 93.667         | <b>\$36,407</b>                                    | <b>\$7,902</b>        | <b>\$14,770</b>       |

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                            | CFDA<br>Number | Federal-(Direct<br>& Pass-Through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|--|----------------|--|-----------------------|-----------------------|
| <b>Division of Child Development:</b>                                    |                |  |                       |                       |
| <b>Subsidized Child Care</b>   |                |  |                       |                       |
| <b><u>Child Care Development Fund Cluster:</u></b>                       |                |  |                       |                       |
| <b>Division of Social Services:</b>                                      |                |  |                       |                       |
| <i>Administered by County Department of Social Services:</i>             |                |  |                       |                       |
| Child Care Development Fund-Administration                               | 93.596         | \$81,795   |                       |                       |
| <b>Division of Child Development:</b>                                    |                |  |                       |                       |
| Child Care and Development Fund-Discretionary                            | 93.575         | 196,842  |                       |                       |
| Child Care and Development Fund-Mandatory                                | 93.596         | 89,132   |                       |                       |
| Child Care and Development Fund-Match                                    | 93.596         | 13,799   | \$7,400               |                       |
| ARRA - Child Care and Development Fund                                   | 93.713         | 34,569   |                       |                       |
| <b>Total Child Care Development Fund Cluster</b>                         |                | <b>\$416,137</b>                                   | <b>\$7,400</b>        | <b>\$0</b>            |
| Social Services Block Grant  | 93.667         | 1,866  |                       |                       |
| Temporary Assistance for Needy Families                                  | 93.558         | 64,181   |                       |                       |
| State Funding Day Care   |                |  | 36,115                |                       |
| TANF-MOE Daycare   |                |  | 13,089                |                       |
| <b>Total Subsidized Child Care</b>                                       |                | <b>\$482,184</b>                                   | <b>\$56,604</b>       | <b>\$0</b>            |
| <b><u>Center for Medicare and Medicaid Services:</u></b>                 |                |  |                       |                       |
| <b><i>Passed Through NC Department of Health and Human Services:</i></b> |                |  |                       |                       |
| <b>Division of Medical Assistance:</b>                                   |                |  |                       |                       |
| <i>Administered by County Department of Social Services:</i>             |                |  |                       |                       |
| Medicaid Administration  | 93.778         | \$10,182   | \$8,921               | \$1,261               |
| Medicaid Reimbursement Projects - Transportation                         | 93.778         | 184,357  |                       | 184,357               |
| <i>Administered by County Health Department:</i>                         |                |  |                       |                       |
| Medical Assistance Program   | 93.778         | 5,662  | 2,184                 |                       |
| <b>Direct Benefit Payments:</b>  |                |  |                       |                       |
| Medical Assistance Program   | 93.778         | 9,867,262  | 4,200,248             | 31,428                |
| State Children's Insurance Program - N.C. Health Choice                  | 93.767         | 23,119   | 611                   | 6,965                 |
|  |                | <b>\$10,090,582</b>                                | <b>\$4,211,964</b>    | <b>\$224,011</b>      |
| <b><u>Health Resources and Services Administration:</u></b>              |                |  |                       |                       |
| <b><i>Passed Through NC Department of Health and Human Services:</i></b> |                |  |                       |                       |
| <b>Division of Public Health:</b>  |                |  |                       |                       |
| <i>Administered by County Health Department:</i>                         |                |  |                       |                       |
| Maternal and Child Health Services Block Grant                           | 93.994         | <b>\$85,546</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>Immunization Cluster</u></b>                                       |                |  |                       |                       |
| Immunization Grants  | 93.268         | <b>\$6,302</b>                                     | <b>\$0</b>            | <b>\$0</b>            |
| <b><u>Centers for Disease Control</u></b>                                |                |  |                       |                       |
| <b><i>Passed Through NC Department of Health and Human Services:</i></b> |                |  |                       |                       |
| <b>Division of Public Health:</b>  |                |  |                       |                       |
| <i>Administered by County Health Department:</i>                         |                |  |                       |                       |
| Public Health Emergency  | 93.069         | \$17,058   |                       |                       |
| Health Promotions  | 93.991         | 16,612   |                       |                       |
|  |                | <b>\$33,670</b>                                    | <b>\$0</b>            | <b>\$0</b>            |
| <b>Total U.S. Department of Health and Human Services</b>                |                | <b>\$11,831,121</b>                                | <b>\$4,355,275</b>    | <b>\$560,300</b>      |
| <b>TOTAL FEDERAL ASSISTANCE</b>  |                | <b>\$13,228,076</b>                                | <b>\$4,355,155</b>    | <b>\$726,910</b>      |

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                            | CFDA<br>Number | Federal-(Direct<br>& Pass-Through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|--|----------------|--|-----------------------|-----------------------|
| <b>STATE PROGRAMS</b>  |                |  |                       |                       |
| <b>OFFICE OF THE GOVERNOR:</b>   |                |  |                       |                       |
| <b>Division of Veteran Affairs:</b>                                      |                |  |                       |                       |
| <i>Administered by County Veterans Services:</i>                         |                |  |                       |                       |
| Veteran Affairs  |                | \$0  | \$2,000               | \$0                   |
| <b>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                       |                |  |                       |                       |
| <b>Division of Youth Services:</b>                                       |                |  |                       |                       |
| <i>Administered by County Finance Department:</i>                        |                |  |                       |                       |
| Juvenile Justice and Delinquency   |                |  | \$86,649              |                       |
| <b>Division of Social Services:</b>                                      |                |  |                       |                       |
| <i>Administered by County Department of Social Services:</i>             |                |  |                       |                       |
| <i>Direct Benefit Payments:</i>  |                |  |                       |                       |
| Supplemental Assistance  |                |  | \$96,561              | \$96,641              |
| <b>Division of Public Health:</b>  |                |  |                       |                       |
| <i>Administered by County Health Department:</i>                         |                |  |                       |                       |
| General  |                |  | \$86,953              |                       |
| Public Health Nurse  |                |  | 50,000                |                       |
| Communicable Disease   |                |  | 10,941                |                       |
| Women's Preventative Health  |                |  | 2,049                 |                       |
| Food & Lodging   |                |  | 1,895                 |                       |
| Carolina Power & Light   |                |  | 2,500                 |                       |
| Environmental Health   |                |  | 4,000                 |                       |
| TPPI-Pregnancy Prevention  |                |  | 75,000                |                       |
| Risk Reduction/Health Promotion  |                |  | 6,383                 |                       |
| Aids-State   |                |  | 500                   |                       |
| Tuberculosis   |                |  | 4,180                 |                       |
| Healthy Carolinas Partnership Support                                    |                |  | 20,000                |                       |
| Breast & Cervical Cancer Control   |                |  | 4,107                 |                       |
|  |                |  | <b>\$268,508</b>      |                       |
| <b>Division of Natural Resources:</b>                                    |                |  |                       |                       |
| <i>Administered by County Department of Soil and Water Conservation:</i> |                |  |                       |                       |
| Soil and Water Conservation  |                |  | \$39,890              |                       |
| Soil and Water Grant   |                |  | 62,528                |                       |
|  |                |  | <b>\$102,418</b>      |                       |
| <b>Total NC Department of Health and Human Services</b>                  |                | <b>\$0</b>   | <b>\$554,136</b>      | <b>\$96,641</b>       |

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

| Grantor/Pass-Through<br>Grantor/Program Title                   | Federal-(Direct<br>CFDA & Pass-Through)<br>Number | Expenditures        | State<br>Expenditures | Local<br>Expenditures |
|---|---|---------------------|-----------------------|-----------------------|
| <b><u>NC DEPARTMENT OF CORRECTIONS:</u></b>                     |   |                     |                       |                       |
| <i>Passed through the Criminal Justice Partnership Program:</i> |   |                     |                       |                       |
| <i>Administered by County Finance Office:</i>                   |   |                     |                       |                       |
| Correction and Rehab Center                                     |   | \$0                 | \$64,517              | \$0                   |
| <b><u>NC DEPARTMENT OF COMMERCE:</u></b>                        |   |                     |                       |                       |
| <i>Administered by County Finance Department:</i>               |   |                     |                       |                       |
| Industrial Development Fund                                     |   |                     | \$130,000             |                       |
| <b><u>NC DEPARTMENT OF TRANSPORTATION:</u></b>                  |   |                     |                       |                       |
| <i>Administered by County Finance Department:</i>               |   |                     |                       |                       |
| Elderly/Disabled Transportation Assistance Program (E&DTAP)     |   | \$0                 | \$123,462             | \$0                   |
| <b><u>NC DEPARTMENT OF INSURANCE:</u></b>                       |   |                     |                       |                       |
| SHIIP Grant   |   | \$0                 | \$4,031               | \$0                   |
| <b>TOTAL STATE ASSISTANCE</b>                                   |   | <b>\$0</b>          | <b>\$878,146</b>      | <b>\$96,641</b>       |
| <b>TOTAL FEDERAL AND STATE ASSISTANCE</b>                       |   | <b>\$13,228,076</b> | <b>\$5,233,301</b>    | <b>\$823,551</b>      |

**BASIS OF PRESENTATION**

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Jones County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care; Foster Care and Adoption.