

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2010

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FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2010

Prepared By
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Certified Public Accountants
Kinston, North Carolina

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Joseph F. Wiggins
Chairman

Charles Battle, Jr.

Jessie Eubanks

Mike Haddock

Sondra I. Riggs

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

John Hall
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, 2010, 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 not 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, 2010, 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 29, 2010 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. 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The 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.

BARROW, PARRIS & DAVENPORT, P.A.

November 29, 2010

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, 2010. 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

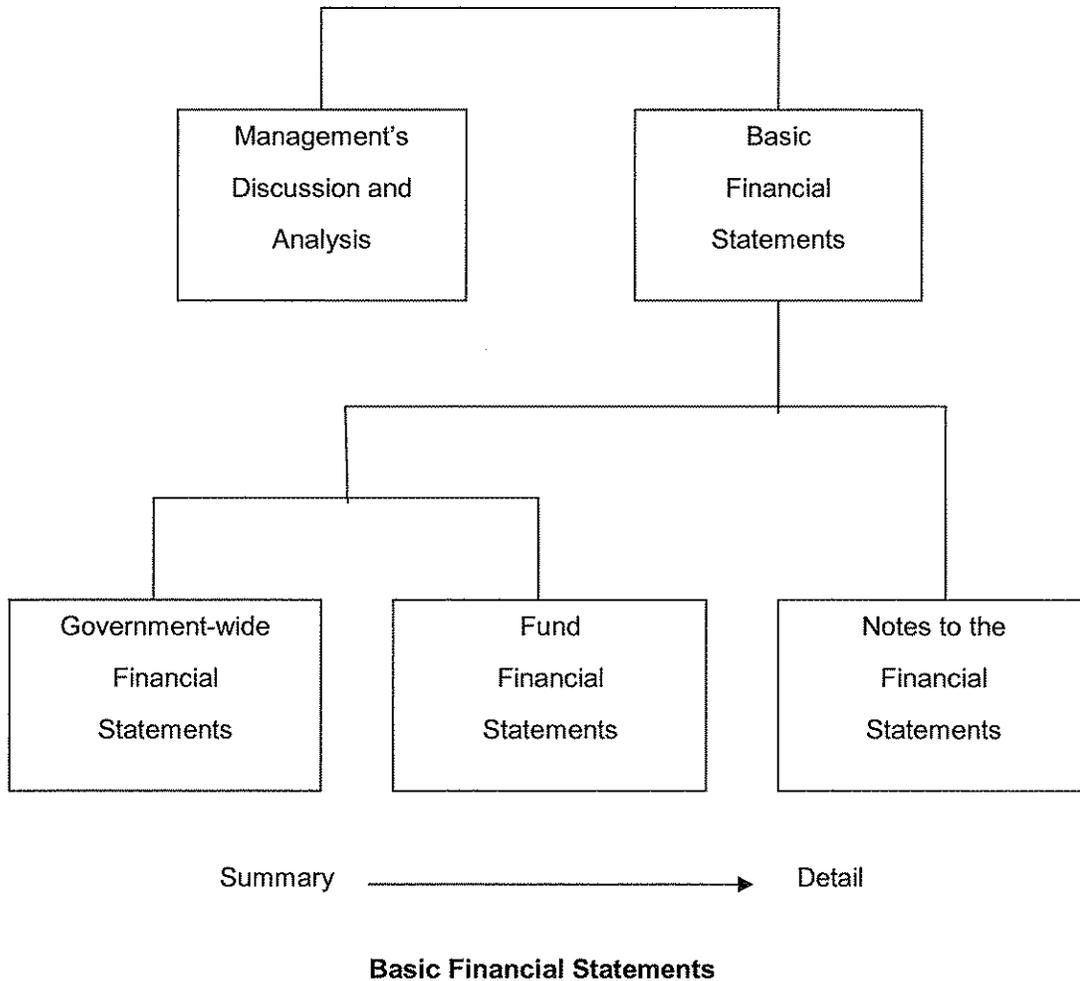
- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$20,552,459 (*net assets*).
- The government's total net assets increased by \$463,373, primarily due to increased net assets in the governmental funds. This compares to an increase of \$66,442 in 2009.
- As of 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 \$9,092,494, an increase of \$548,435 in comparison with the prior year. At June 30, 2010, approximately 58.33% of this total amount or \$5,302,334 is available for spending at the government's discretion (unreserved).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$3,281,537, or 27.83% of total general fund expenditures for the fiscal year. In 2009, unreserved undesignated fund balance in the General Fund was \$3,056,810, or 25.34% of total expenditures.
- Jones County's total debt increased by \$53,436 (1.64%) during the current year due to a new installment obligation for the purchase of the old Lenoir Community College building.

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

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. These include the water and sewer services 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 22 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 48 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 \$20,552,459 as of June 30, 2010. As of June 30, 2009, the net assets of Jones County stood at \$20,089,086. The County's net assets increased by \$463,373 for the fiscal year ended June 30, 2010, compared to an increase of \$66,442 in 2009. One of the largest portions (48.2%) 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 (<1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,617,297 is unrestricted. In 2009, the amount of net assets invested in capital assets net of related debt was \$10,080,328, with restricted assets standing at \$19,870. The remaining \$9,988,888 was unrestricted net assets for that year.

Jones County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$10,333,249	\$9,906,125	\$1,741,212	\$1,667,018	\$12,074,461	\$11,573,143
Capital assets	5,967,538	5,869,282	6,766,743	6,935,510	12,734,281	12,804,792
Total assets	\$16,300,787	\$15,775,407	\$8,507,955	\$8,602,528	\$24,808,742	\$24,377,935
Current Liabilities	\$536,530	\$595,457	\$117,198	\$160,977	\$653,728	\$756,434
Long-Term Liabilities	3,084,238	3,013,119	518,317	519,296	3,602,555	3,532,415
Total liabilities	\$3,620,768	\$3,608,576	\$635,515	\$680,273	\$4,256,283	\$4,288,849
Net assets:						
Invested in capital assets, net of related debt	\$3,634,150	\$3,644,818	\$6,271,818	\$6,435,510	\$9,905,968	\$10,080,328
Restricted	29,194	19,870			29,194	19,870
Unrestricted	9,016,675	8,502,143	1,600,622	1,486,745	10,617,297	9,988,888
Total net assets	\$12,680,019	\$12,166,831	\$7,872,440	\$7,922,255	\$20,552,459	\$20,089,086

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 rate of 94.55% which is comparable to last year's collection rate of 94.15%.
- 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	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$1,079,018	\$977,027	\$902,272	\$917,008	\$1,981,290	\$1,894,035
Operating grants and contributions	4,840,128	4,531,708			4,840,128	4,531,708
Capital grants and contributions			30,000		30,000	
General revenues:						
Property taxes	5,053,235	5,013,692			5,053,235	5,013,692
Other taxes	1,141,526	1,524,283			1,141,526	1,524,283
Grants and contributions not restricted to specific programs	108,446	167,953			108,446	167,953
Other	94,530	252,550		104	94,530	252,654
Total revenues	\$12,316,883	\$12,467,213	\$932,272	\$917,112	\$13,249,155	\$13,384,325
Expenses:						
General government	\$1,908,300	\$1,574,770			\$1,908,300	\$1,574,770
Public safety	2,466,926	2,633,362			2,466,926	2,633,362
Environmental Protection	402,665	580,133			402,665	580,133
Economic and physical development	298,224	652,578			298,224	652,578
Human services	4,697,260	4,688,522			4,697,260	4,688,522
Cultural and recreation	222,400	237,598			222,400	237,598
Education	1,792,672	2,052,782			1,792,672	2,052,782
Interest on long-term debt	70,926	72,820			70,926	72,820
Water			\$926,409	\$825,318	926,409	825,318
Total expenses	\$11,859,373	\$12,492,565	\$926,409	\$825,318	\$12,785,782	\$13,317,883
Increase in net assets before transfers	\$457,510	(\$25,352)	\$5,863	\$91,794	\$463,373	\$66,442
Transfers	55,678	65,000	(55,678)	(65,000)		
Increase (Decrease) in net assets	\$513,188	\$39,648	(\$49,815)	\$26,794	\$463,373	\$66,442
Net assets, July 1	12,166,831	12,127,183	7,922,255	7,895,461	20,089,086	20,022,644
Net assets, June 30	\$12,680,019	\$12,166,831	\$7,872,440	\$7,922,255	\$20,552,459	\$20,089,086

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

Governmental Activities. Governmental activities increased the County's net assets by \$513,188 compared to an increase of \$39,648 in 2009. Key elements of the increase in 2010 are as follows:

- The 2010 growth was enhanced by an additional \$400,000 in grant funds through ARRA to replace 4 homes, a continued increase in Emergency Medical Service revenues, and other grant funds for various county projects.
- 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 \$49,915 compared to an increase of \$26,794 in 2009. Key elements of this decrease in 2010 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, unreserved fund balance 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, unreserved fund balance of the General Fund was \$4,861,330, while total fund balance reached \$8,651,490. \$1,579,793 of the unreserved fund balance has been designated for future projects and subsequent year's expenditures, leaving \$3,281,537 unreserved and undesignated. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and unreserved/undesignated total fund balance to total fund expenditures. Unreserved fund balance and unreserved/undesignated fund balance represent 41.22 and 27.83 percent, respectively of total General Fund expenditures, while total fund balance represents 73.37 percent of that same amount.

At June 30, 2010, the governmental funds of Jones County reported a combined fund balance of \$9,092,494 compared to \$8,544,059 at June 30, 2009. The primary reason for this increase is the increase 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 \$1,669,710.

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 and Sewer Fund at the end of the fiscal year amounted to \$1,600,622. The total decrease in net assets was \$49,815. 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, 2010, totals \$12,734,280 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- Completed renovations to the County Courthouse to add an elevator and additional inmate cells and to renovate the existing inmate cells. The County also replaced all the windows throughout the Courthouse.
- The County Water System has received grant funds to add an additional well to the system. Construction began this fiscal year with two test wells.

Jones County's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$382,929	\$385,899	\$35,708	\$35,708	\$418,637	\$421,607
Buildings and system	4,981,952	4,418,248	6,669,166	6,866,882	11,651,118	11,285,130
Machinery and equipment	471,849	320,209	13,580	32,920	485,429	353,129
Infrastructure	130,808	133,853			130,808	133,853
Construction in Progress		611,073	48,289		48,289	611,073
Total	\$5,967,538	\$5,869,282	\$6,766,743	\$6,935,510	\$12,734,281	\$12,804,795

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	
	2010	2009	2010	2009	2010	2009
Qualified Zone Academy Bonds	\$481,771	\$532,184			\$481,771	\$532,184
Capitalized Leases	13,506	16,730			13,506	16,730
Installment Purchases	2,319,882	2,207,734	\$494,925	\$500,000	2,814,807	2,707,734
	\$2,815,159	\$2,756,648	\$494,925	\$500,000	\$3,310,084	\$3,256,648

Jones County's total debt increased by \$53,436 (1.64%) during the past fiscal year, primarily due to a new loan

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 \$57,323,119. At June 30, 2010, Jones County had general obligations and capitalized leases outstanding of \$3,310,084 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 41 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, 2010, the county unemployment rate was 10%. 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 began in two approved subdivisions that will add 30 homes.
- Jones County was selected to participate in the 21st Centuries Communities program through the North Carolina Department of Commerce.
- 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.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The County's tax rate will remain the same for the upcoming year.

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.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$7,866,438	\$1,514,974	\$9,381,412	\$50,407
Receivables (Net)	694,887	121,732	816,619	
Due From Other Governments	580,687		580,687	
Inventories	2,271	48,543	50,814	129,256
Prepaid Items				7,519
Restricted Cash and Cash Equivalents		27,166	27,166	
Notes Receivable:				
Due Within One Year	92,056	13,498	105,554	
Due in More Than One Year	1,096,910	15,299	1,112,209	
Capital Assets:				
Land, Improvements, and Construction in Progress	382,929	83,997	466,926	15,073
Other Capital Assets, Net of Depreciation	5,584,609	6,682,746	12,267,355	22,103
Total Capital Assets	\$5,967,538	\$6,766,743	\$12,734,281	\$37,176
Total Assets	\$16,300,787	\$8,507,955	\$24,808,742	\$224,358
Liabilities:				
Accounts Payable and Accrued Expenses	\$477,718	\$26,659	\$504,377	\$78,524
Accrued Interest Payable	15,583		15,583	
Unearned Revenue	43,229		43,229	
Customer Deposits		90,539	90,539	
Long-term Liabilities:				
Due within one year	217,771	5,515	223,286	1,668
Due in more than one year	2,866,467	512,802	3,379,269	1,251
Total Liabilities	\$3,620,768	\$635,515	\$4,256,283	\$81,443
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$3,634,150	\$6,271,818	\$9,905,968	\$34,257
Restricted For:				
Register of Deeds	29,194		29,194	
Unrestricted	9,016,675	1,600,622	10,617,297	108,658
Total Net Assets	\$12,680,019	\$7,872,440	\$20,552,459	\$142,915

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$1,908,300	\$108,950	\$59,468	
Public Safety	2,466,926	445,005	424,916	
Environmental Protection	402,665	260,289	76,193	
Economic and Physical Development	298,224	199,474	51,025	
Human Services	4,697,260	63,568	4,187,511	
Cultural and Recreation	222,400	1,732		
Education	1,792,672		41,015	
Interest on Long-Term Debt	70,926			
Total Governmental Activities	\$11,859,373	\$1,079,018	\$4,840,128	\$0
Business-type Activity:				
Water	\$926,409	\$902,272		\$30,000
Total Business-type Activities	\$926,409	\$902,272	\$0	\$30,000
	\$12,785,782	\$1,981,290	\$4,840,128	\$30,000
Component Units:				
ABC Board	\$918,666	\$899,716		
Total Component Unit	\$918,666	\$899,716	\$0	\$0
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				
<i>Net Assets, Beginning</i>				
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
(\$1,739,882)		(\$1,739,882)	
(1,597,005)		(1,597,005)	
(66,183)		(66,183)	
(47,725)		(47,725)	
(446,181)		(446,181)	
(220,668)		(220,668)	
(1,751,657)		(1,751,657)	
(70,926)		(70,926)	
(\$5,940,227)	\$0	(\$5,940,227)	
	\$5,863	\$5,863	
\$0	\$5,863	\$5,863	
(\$5,940,227)	\$5,863	(\$5,934,364)	
			(\$18,950)
			(\$18,950)
\$5,053,235		\$5,053,235	
1,078,130		1,078,130	
63,396		63,396	
108,446		108,446	
71,316		71,316	\$56
23,214		23,214	34
\$6,397,737	\$0	\$6,397,737	\$90
55,678	(55,678)		
\$6,453,415	(\$55,678)	\$6,397,737	\$90
\$513,188	(\$49,815)	\$463,373	(\$18,860)
12,166,831	7,922,255	20,089,086	161,775
\$12,680,019	\$7,872,440	\$20,552,459	\$142,915

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

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$7,421,951	\$444,487	\$7,866,438
Receivables, Net	620,129		620,129
Due From Other Governments	563,811	16,876	580,687
Current Portion-Notes Receivable	92,056		92,056
Inventories	2,271		2,271
Notes Receivable	1,096,910		1,096,910
TOTAL ASSETS	\$9,797,128	\$461,363	\$10,258,491
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$457,360	\$20,359	\$477,719
Unearned Revenue	43,229		43,229
Deferred Revenue	645,049		645,049
Total Liabilities	\$1,145,638	\$20,359	\$1,165,997
<i>Fund Balances:</i>			
Reserved for:			
Inventories	\$2,271		\$2,271
State Statute	1,727,857		1,727,857
Reserved for Specific Expenditures	2,030,838		2,030,838
Register of Deeds	29,194		29,194
Unreserved, Available for Appropriation:			
Designated for Future Projects	1,024,793		1,024,793
Designated for Subsequent Years' Expenditures	555,000		555,000
Undesignated	3,281,537		3,281,537
Unreserved, Reported In Nonmajor:			
Special Revenue Funds		\$441,004	441,004
Total Fund Balances	\$8,651,490	\$441,004	\$9,092,494
TOTAL LIABILITIES AND FUND BALANCES	\$9,797,128	\$461,363	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$5,967,538
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	74,758
Liabilities for earned but deferred revenues in fund statements.	645,049
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(3,099,820)
Net Assets of Governmental Activities	\$12,680,019

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, 2010

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Ad Valorem Taxes	\$5,057,229		\$5,057,229
Local Option Sales Taxes	1,078,130		1,078,130
Other Taxes and Licenses	63,396		63,396
Unrestricted Intergovernmental	108,446		108,446
Restricted Intergovernmental	4,593,553	\$249,535	4,843,088
Permits and Fees	164,990		164,990
Sales and Services	640,600		640,600
Investment Earnings	71,316		71,316
Miscellaneous	289,264		289,264
TOTAL REVENUES	\$12,066,924	\$249,535	\$12,316,459
EXPENDITURES:			
<i>Current:</i>			
General Government	\$1,480,559	\$68,779	\$1,549,338
Public Safety	2,667,383	136,643	2,804,026
Environmental Protection	469,599		469,599
Economic and Physical Development	214,870	51,025	265,895
Human Services	4,680,749		4,680,749
Cultural and Recreational	184,386		184,386
Miscellaneous-County	64,287		64,287
<i>Intergovernmental:</i>			
Education	1,792,672		1,792,672
<i>Debt Service:</i>			
Principal	166,487		166,487
Interest	71,263		71,263
Total Expenditures	\$11,792,255	\$256,447	\$12,048,702
Excess (Deficiency) of Revenues Over Expenditures	\$274,669	(\$6,912)	\$267,757
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$279,110	\$25,000	\$304,110
Transfers to Other Funds	(34,322)	(214,110)	(248,432)
Installment Obligation Issued	225,000		225,000
Total Other Financing Sources (Uses)	\$469,788	(\$189,110)	\$280,678
Net Change in Fund Balance	\$744,457	(\$196,022)	\$548,435
<i>Fund Balances, Beginning</i>	7,907,033	637,026	8,544,059
FUND BALANCES, ENDING	\$8,651,490	\$441,004	\$9,092,494

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, 2010

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

Net changes in fund balances - total governmental funds	\$548,435
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.	288,897
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(274,429)
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.	(58,511)
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.	8,796
Total Changes in Net Assets of Governmental Activities	<u>\$513,188</u>

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$4,880,967	\$4,897,967	\$5,057,229	\$159,262
Local Option Sales Tax	802,500	897,500	1,078,130	180,630
Other Taxes and Licenses	75,400	54,000	63,396	9,396
Unrestricted Intergovernmental	80,000	80,000	108,446	28,446
Restricted Intergovernmental	3,845,432	4,175,946	4,593,553	417,607
Permits and Fees	358,060	156,333	164,990	8,657
Sales and Services	224,625	582,914	640,600	57,686
Investment Earnings	100,001	100,001	71,316	(28,685)
Miscellaneous	141,108	348,882	289,264	(59,618)
Total Revenues	\$10,508,093	\$11,293,543	\$12,066,924	\$773,381
Expenditures:				
<i>Current:</i>				
General Government	\$1,770,453	\$1,660,016	\$1,480,559	\$179,457
Public Safety	2,089,873	2,841,838	2,667,383	174,455
Environmental Protection	459,059	536,158	469,599	66,559
Economic and Physical Development	109,495	259,159	214,870	44,289
Human Services	4,365,770	5,067,364	4,680,749	386,615
Cultural and Recreational	199,529	206,654	184,386	22,268
Miscellaneous-County	100,000	132,200	64,287	67,913
<i>Intergovernmental:</i>				
Education	1,875,794	1,925,381	1,792,672	132,709
<i>Debt Service:</i>				
Principal Retirement	213,812	166,487	166,487	
Interest	13,626	71,864	71,263	601
Total Expenditures	\$11,197,411	\$12,867,121	\$11,792,255	\$1,074,866
Revenues Over (Under) Expenditures	(\$689,318)	(\$1,573,578)	\$274,669	\$1,848,247
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$65,000	\$178,989	\$244,788	\$65,799
Installment Obligation Issued	225,000	225,000	225,000	
Appropriated Fund Balance	399,318	1,169,589		(1,169,589)
Total Other Financing Sources (Uses)	\$689,318	\$1,573,578	\$469,788	(\$1,103,790)
Net Change in Fund Balance	\$0	\$0	\$744,457	\$744,457
<i>Fund Balances:</i>				
Beginning of Year, July 1			7,907,033	
End of Year, June 30			\$8,651,490	

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, 2010

	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,514,974
Receivables, Net	121,732
Current Portion Notes Receivable	13,498
Inventories	48,543
Total Current Assets	\$1,698,747
<i>Noncurrent Assets:</i>	
Restricted Cash	\$27,166
Notes Receivable	15,299
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	83,997
Other Capital Assets, Net of Depreciation	6,682,746
Total Capital Assets	\$6,766,743
TOTAL ASSETS	\$8,507,955
<u>LIABILITIES AND NET ASSETS</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$26,659
Customer Deposits	90,539
Current Portion of Installment Obligation Payable	5,515
Total Current Liabilities	\$122,713
<i>Noncurrent Liabilities:</i>	
Compensated Absences	\$23,392
Installment Obligation Payable	489,410
Total Noncurrent Liabilities	\$512,802
TOTAL LIABILITIES	\$635,515
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	\$6,271,818
Unrestricted	1,600,622
Total Net Assets	\$7,872,440

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, 2010

	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$853,879
Water Tap Fees	15,000
Reconnect Fees	28,170
Other Operating Revenues	5,223
Total Operating Revenues	\$902,272
OPERATING EXPENSES:	
Administration	\$230,555
Raw Water Supply Maintenance	442,621
Depreciation	231,358
Total Operating Expenses	\$904,534
Operating Income (Loss)	(\$2,262)
NONOPERATING REVENUES (EXPENSES)	
Interest on Long-Term Debt	(\$21,875)
Capital Contribution	30,000
Total Nonoperating Revenues	\$8,125
Income (Loss) Before Contributions and Transfers	\$5,863
Transfers From (To) From Other Funds	(55,678)
Change in Net Assets	(\$49,815)
Total Net Assets, Beginning	7,922,255
Total Net Assets, Ending	\$7,872,440

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, 2010

	Major Fund
	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$913,943
Cash Paid for Goods and Services	(503,763)
Cash Paid to Employees for Services	(257,903)
Customer Deposits Received	12,700
Customer Deposits Returned	(11,685)
Other Operating Revenues	5,223
Net Cash Provided (Used) by Operating Activities	\$158,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(\$55,678)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(\$62,591)
Principal Paid on Indebtedness	(5,075)
Interest Paid on Indebtedness	(21,875)
Capital Contribution by Developer	30,000
Net Cash Used by Capital and Related Financing Activities	(\$59,541)
Net Increase (Decrease) in Cash and Cash Equivalents	\$43,296
Cash and Cash Equivalents, July 1	1,498,844
Cash and Cash Equivalents, June 30	\$1,542,140
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$2,262)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$231,358
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	16,894
Decrease (Increase) in Noted Receivable	(28,797)
Decrease (Increase) in Inventory	(18,945)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(44,794)
Increase (Decrease) in Due to Other Funds	(50)
Increase (Decrease) in Customer Deposits	1,015
Increase (Decrease) in Accrued Vacation Payable	4,096
Total Adjustments	\$160,777
Net Cash Provided by (Used by) Operating Activities	\$158,515

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, 2010

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$63,032
Accounts Receivable	6,967
Total Assets	<u>\$69,999</u>
<u>Liabilities and Net Assets</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$69,999
Total Liabilities	<u>\$69,999</u>
<i>Net Assets:</i>	
Assets Held in Trust	<u>\$0</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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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
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 PO Box 86 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, 2010

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 fund:

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.

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.

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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 Fund, and Emergency Telephone System 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.

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 \$1,669,710 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 \$27,166 at June 30, 2010.

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 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, 2009. 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 an other financing source.

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, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for Inventories – portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for Specific Expenditures – portion of fund balance that has been reserved for specific programs or obligations of the County.

Reserved by State Statute – portion of fund balance, in addition to reserves for inventories and reserves for specific expenditures, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Reserved for Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

Unreserved:

Designated for Future Projects and Expenditures - portion of total fund balance available for appropriation that has been designated for future projects and expenditures.

Designated for Subsequent Year's Expenditures – portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

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 \$3,587,525 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)	\$8,497,735
Less Accumulated Depreciation	(2,530,197)
Net Capital Assets	\$5,967,538
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.	74,758
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	645,049
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	(2,815,158)
Compensated absences	(254,942)
Accrued interest payable	(15,583)
Net pension obligation	(14,137)
Total Adjustment	\$3,587,525

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 (\$35,247) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$566,268
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	(277,371)
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	(225,000)
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	166,489
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	8,459
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	337
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 7/01/09	(511,428)
Recording of tax receipts deferred in the fund statements as of 6/30/10	505,609
Increase in accrued taxes receivable for year ended 6/30/10	(1,825)
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	(266,785)
Total Adjustment	(\$35,247)

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010, the County reported the following expenditures that violated State law [G.S. 115C-441] because they exceeded the amounts 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>
General Fund			
Public Safety			
Medical Examiner	\$6,000	\$6,200	\$200
Human Services			
Health Promotions	\$25,123	\$25,442	\$319
AFDC Program	\$35,568	\$39,088	\$3,520
Food Stamp - EBT	\$3,769	\$3,910	\$141
Medicaid Transportation Dialysis	\$350,000	\$351,707	\$1,707
Property Revaluation Fund			
General Government			
Bank Charges	\$0	\$301	\$301
Water Capital Reserve Fund			
Admin - Bank Charges	\$0	\$1,614	\$1,614

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010, the County's deposits had a carrying amount of \$1,316,601 and a bank balance of \$1,696,873. Of the bank balance, \$394,747 was covered by federal depository insurance and \$1,302,126 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2010, Jones County had \$1,300 cash on hand.

At June 30, 2010, the carrying amount of deposits for Jones County ABC Board was \$48,907 and the bank balance was \$79,225. All of the bank balance was covered by federal depository insurance. At June 30, 2010, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2010, the County's investment balances were as follows:

	Fair Value
NC Capital Management Trust - Cash Portfolio	\$8,153,709
Total Investments	\$8,153,709

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, 2010. The County has no policy on credit risk.

At June 30, 2010, the ABC Board had no investments.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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>
2009	\$605,136	\$34,795	\$639,931
2008	595,316	87,809	683,125
2007	567,073	134,680	701,753
2006	532,304	174,330	706,634
Total	\$2,299,829	\$431,614	\$2,731,443

4. Receivables

Receivables at the government-wide level at June 30, 2010, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<i>Governmental Activities:</i>				
General	\$159,620	\$596,867	\$563,811	\$1,320,298
Other Governmental			16,876	16,876
Total Receivables	\$159,620	\$596,867	\$580,687	\$1,337,174
Allowance for Doubtful Accounts	(45,100)	(16,500)		(61,600)
Total Governmental Activities	\$114,520	\$580,367	\$580,687	\$1,275,574
<i>Business-type Activities:</i>				
Water	\$163,232			\$163,232
Total Receivables	\$163,232	\$0	\$0	\$163,232
Allowance for Doubtful Accounts	(41,500)			(41,500)
Total Business-type Activities	\$121,732	\$0	\$0	\$121,732

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

Various Human Services Revenues	\$284,462
Local option sales tax	156,589
Sales tax	57,127
NC Division of Aging	28,343
Miscellaneous	18,011
PSAP Revenue	16,543
NC Dept of Corrections - JPP	16,318
Scrap Tire	2,961
NC Dept of Commerce - CDBG	333
	\$580,687

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

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 Amounts Due for the Year Ended June 30:							(WATER FUND) JAG DEV COMPANY	TOTAL
	M&W #1	SRS	BLUE ROCK	TIMELESS CUSTOMS	SELDS, INC.	DEFENSE HOLDINGS, INC.		
2011	\$12,678	\$8,029	\$1,192	\$4,264	\$6,585	\$59,308	\$13,498	\$105,554
2012	3,947	8,524	1,230	32,081	3,566	67,460	15,299	132,107
2013		9,049				70,770		79,819
2014		9,608				74,243		83,851
2015		4,174				77,886		82,060
2016-2020						450,651		450,651
2021-2025						283,721		283,721
	\$16,625	\$39,384	\$2,422	\$36,345	\$10,151	\$1,084,039	\$28,797	\$1,217,763

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Lease Agreement and Option to Purchase

County of Jones entered into a lease agreement and option to purchase with Meherrin Agricultural & Chemical Company on October 18, 2004 for the rental of the old Jones Apparel building. The terms of the contract call for monthly rent payments in the amount of \$3,204 for 60 months with a non-refundable option fee of \$6,400 for the option to purchase. The purchase price under this option to purchase will be \$231,931. At closing, all rental payments as well as the option fee will be credited towards the purchase price leaving a balance due of \$33,291. On December 11, 2007, Meherrin Agricultural & Chemical Company also submitted a bid deposit in the amount of \$1,000 to County of Jones for the purchase of the adjacent lot. On October 19, 2010, Meherrin Agricultural & Chemical Company exercised the option to purchase.

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$385,899	\$29,205	\$32,175	\$382,929
Construction in Progress	611,073	68,478	679,551	
Total Capital Assets Not Being Depreciated	\$996,972	\$97,683	\$711,726	\$382,929
Capital Assets Being Depreciated:				
Buildings	\$5,845,327	\$880,302	\$207,825	\$6,517,804
Infrastructure	152,235			152,235
Equipment	1,185,213	267,834	8,280	1,444,767
Total Capital Assets Being Depreciated	\$7,182,775	\$1,148,136	\$216,105	\$8,114,806
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,427,079	\$158,132	\$49,359	\$1,535,852
Infrastructure	18,382	3,045		21,427
Equipment	865,004	116,194	8,280	972,918
Total Accumulated Depreciation	\$2,310,465	\$277,371	\$57,639	\$2,530,197
<i>Total Capital Assets Being Depreciated, Net</i>	\$4,872,310			\$5,584,609
Governmental Activity Capital Assets, Net	\$5,869,282			\$5,967,538

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

General Government	\$105,310
Public Safety	65,460
Environmental Protection	7,693
Economic and Physical Development	32,329
Human Services	25,816
Cultural and Recreational	40,763
Total Depreciation Expense	\$277,371

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

5. Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activity:				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$35,708			\$35,708
Construction in Progress		\$48,289		48,289
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$35,708</u>	<u>\$48,289</u>	<u>\$0</u>	<u>\$83,997</u>
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$10,287,955	\$14,301		\$10,302,256
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	340,459			340,459
Total Assets Being Depreciated	<u>\$10,680,789</u>	<u>\$14,301</u>	<u>\$0</u>	<u>\$10,695,090</u>
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$3,421,073	\$212,018		\$3,633,091
Machinery and Equipment	45,871	4,337		50,208
Vehicles and Construction Equipment	314,043	15,003		329,046
Total Accumulated Depreciation	<u>\$3,780,987</u>	<u>\$231,358</u>	<u>\$0</u>	<u>\$4,012,345</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>\$6,899,802</u>			<u>\$6,682,746</u>
Business-type Activity Capital Assets, Net	<u>\$6,935,510</u>			<u>\$6,766,743</u>

Construction Commitments

The government has an active construction project as of June 30, 2010. The project is the Well Improvements Capital Project.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Well Improvements	\$48,289	\$701,711
	<u>\$48,289</u>	<u>\$701,711</u>

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Not Being Depreciated:				
Land	\$15,073	\$0	\$0	\$15,073
Capital Assets Being Depreciated:				
Buildings	\$81,739			\$81,739
Furniture/Equipment	82,810			82,810
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$180,151	\$0	\$0	\$180,151
Less Accumulated Depreciation For:				
Buildings	\$68,001	\$1,354		\$69,355
Furniture/Equipment	70,077	3,014		73,091
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$153,680	\$4,368	\$0	\$158,048
<i>Total Capital Assets Being Depreciated, Net</i>	\$26,471			\$22,103
Business-type Activity Capital Assets, Net	\$41,544			\$37,176

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2010, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$457,021	\$338	\$15,583	\$472,942
Other Governmental	20,359			20,359
Total Governmental Activities	\$477,380	\$338	\$15,583	\$493,301
Business-type Activities:				
Water Fund	\$26,659			\$26,659
Total Business-type Activities	\$26,659	\$0	\$0	\$26,659

The amount of \$477,380 which comprises the General 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, 2010

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, 2010, 2009, and 2008 were \$170,877, \$169,198, and \$159,680, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$4,506, \$4,048, and \$4,029, 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, 2009, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	15
Total	15

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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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	\$4,054
Interest on Net Pension Obligation	724
Adjustment to Annual Required Contribution	(629)
Annual Pension Cost	\$4,149
 Contributions Made	 0
 Increase (Decrease) in Net Pension Obligation	 \$4,149
 Net Pension Obligation - Beginning of Year	 9,988
Net Pension Obligation - End of Year	\$14,137

3 YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	3,879	0%	7,907
June 30, 2009	2,081	0%	9,988
June 30, 2010	4,149	0%	14,137

4. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$18,428, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,428. The covered payroll (annual payroll of active employees covered by the plan) was \$462,210, and the ratio of the UAAL to the covered payroll was 3.99 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
For the Fiscal Year Ended June 30, 2010

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, 2010 were \$45,731, which consisted of \$20,479 from the County and \$25,282 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 who 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, 2010, the County's required and actual contributions were \$752.

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, 2010

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:

	Deferred Revenue	Unearned Revenue
Prepaid Property Taxes Not Yet Earned (General)		\$41,629
Prepaid Rent (General)		1,600
Taxes Receivable, Net (General), less penalties	\$505,609	
EMS Receivables, Net	44,059	
Other Receivables Not Available at Year End	95,381	
Total	\$645,049	\$43,229

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, 2010

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, 2010 balance was \$1,418,589.

During the Year Ending June 30,	Principal	Interest	Total
2011	\$18,322	\$60,308	\$78,630
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
2016-2020	122,811	270,339	393,150
2021-2025	151,223	241,927	393,150
2026-2030	186,208	206,942	393,150
2031-2035	229,287	163,863	393,150
2036-2040	282,331	110,819	393,150
2041-2045	346,992	45,502	392,494
	\$1,418,589	\$1,332,805	\$2,751,394

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, 2010 balance was \$222,186.

During the Year Ending June 30,	Principal	Interest	Total
2011	\$14,773	\$9,165	\$23,938
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
2016-2020	98,182	21,508	119,690
2021-2025	43,788	2,701	46,489
	\$222,186	\$63,684	\$285,870

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010 balance was \$454,107.

During the Year Ending June 30,	Principal	Interest	Total
2011	\$81,071		\$81,071
2012	81,071		81,071
2013	81,071		81,071
2014	81,071		81,071
2015	81,071		81,071
2016-2020	48,752		48,752
	\$454,107	\$0	\$454,107

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, 2010 balance was \$494,925.

During the Year Ending June 30,	Principal	Interest	Total
2011	\$5,515	\$21,435	\$26,950
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
2016-2020	37,280	97,470	134,750
2021-2025	46,181	88,569	134,750
2026-2030	57,206	77,544	134,750
2031-2035	70,864	63,886	134,750
2036-2040	87,783	46,967	134,750
2041-2045	108,741	26,009	134,750
2046-2050	56,775	3,511	60,286
	\$494,925	\$508,611	\$1,003,536

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010 balance was \$225,000.

During the Year Ending June 30,	Principal	Interest	Total
2011	\$50,000		\$50,000
2012	50,000		50,000
2013	50,000		50,000
2014	50,000		50,000
2015	25,000		25,000
	\$225,000	\$0	\$225,000

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, 2010, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$28,470	\$9,490	\$18,980

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

Year Ending June 30	
2011	\$3,698
2012	3,698
2013	3,698
2014	3,698
Total minimum lease payments	\$14,792
Less: Amount representing interest	1,286
Present value of the minimum lease payments	\$13,506

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

c. **General Obligation Indebtedness**

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.

\$481,771

During the Year Ending June 30,	Principal	Interest	Total
2011	\$50,412		\$50,412
2012	50,412		50,412
2013	50,412		50,412
2014	50,412		50,412
2015	50,412		50,412
2016-2019	229,711		229,711
	\$481,771	\$0	\$481,771

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, 2010:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$16,730		\$3,224	\$13,506	\$3,193
USDA Loan	1,436,181		17,592	1,418,589	18,322
Qualified Zone Academy Bonds	532,184		50,413	481,771	50,412
Eastern Region Loan	236,374		14,188	222,186	14,773
Jones-Onslow EMC Loan	535,179		81,072	454,107	81,071
Lenoir Community College		\$225,000		225,000	50,000
Net Pension Obligation	9,988	4,149		14,137	
Compensated Absences	246,483	173,773	165,314	254,942	
Total Governmental Activities	\$3,013,119	\$402,922	\$331,803	\$3,084,238	\$217,771
Business-type Activity:					
USDA Loan	\$500,000		\$5,075	\$494,925	\$5,515
Compensated Absences	19,296	\$13,052	8,956	23,392	
Total	\$519,319	\$13,052	\$14,031	\$518,317	\$5,515

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, 2010

C. INTERFUND BALANCES AND ACTIVITY

Interfund balances at June 30, 2010 were \$0.

Transfers to/from other funds for the year ended June 30, 2010 were made to supplement other funding sources and consist of the following:

Operating Transfers From / To Other Funds	TRANSFERS	
	FROM	TO
General Fund:		
Special Revenue Fund	\$148,311	\$25,000
Capital Projects Fund	65,799	
Enterprise Fund	65,000	9,322
 Special Revenue Fund:		
General Fund	25,000	148,311
 Capital Projects Fund:		
General Fund		65,799
 Enterprise Fund:		
General Fund	9,322	65,000
Total Operating Transfers	\$313,432	\$313,432

IV. FUND BALANCES RESERVED FOR SPECIFIC EXPENDITURES IS MADE UP OF THE FOLLOWING:

General Fund:	
School Capital Outlay	\$1,438,162
Civic Center	64,708
Fire District Tax - Township #7	965
Transportation	169,871
Senior Transportation Fees	8,087
Health Department	349,045
Total	\$2,030,838

V. FUND BALANCES DESIGNATED FOR FUTURE PROJECTS IS MADE UP OF THE FOLLOWING:

General Fund:	
Community (Economic) Development	\$755,513
Social Services Long-Term Screening	111,359
Facility Fees	118,563
Soil Conservation	10,123
White Goods	29,235
Total	\$1,024,793

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

VI. 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 \$104,371 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 \$58,436 and \$50,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2010. 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, 2010. 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 \$31,264 for the operation of the Center during the fiscal year ended June 30, 2010. 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, 2010. 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.

VII. 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010, the portion of the trust available to be loaned exclusively to Jones County was \$529,049.

VIII. 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.

	Federal	State
Medicaid	\$11,088,688	\$3,960,050
Food Stamp Program	2,626,318	
Temporary Assistance For Needy Families	67,707	
WIC	156,420	
Supplemental Assistance		107,889
Energy Assistance	82,592	
Foster Care	4,368	878
Adoption Assistance	14,440	2,922
Adoption Subsidy		15,216
Total	\$14,040,533	\$4,086,955

IX. 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.

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, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Fund Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
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%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2010

<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%

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	12/31/09
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	Market Value
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	5.00%
Projected Salary Increases	4.5% to 12.3%
Includes Inflation At	3.75%
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, 2010**

	Budget	2010 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$4,857,267	\$4,986,634	\$129,367
Penalties and Interest	40,700	70,595	29,895
Total Ad Valorem Taxes	\$4,897,967	\$5,057,229	\$159,262
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$897,500	\$1,078,130	\$180,630
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$30,000	\$39,634	\$9,634
Scrap Tire Disposal Tax	15,000	16,285	1,285
Solid Waste Disposal Tax	9,000	7,477	(1,523)
Total Other Taxes and Licenses	\$54,000	\$63,396	\$9,396
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$50,000	\$95,881	\$45,881
Beer & Wine Tax	30,000	12,565	(17,435)
Total Unrestricted Intergovernmental Revenue	\$80,000	\$108,446	\$28,446
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$3,818,169	\$4,284,664	\$466,495
Court Facilities Fees	36,000	34,126	(1,874)
ABC - 5 cent Bottle Tax	3,500	3,449	(51)
ABC - 1 cent Bottle Tax	150	174	24
Correction and Rehab Center Grant	58,613	40,402	(18,211)
Juvenile Justice and Delinquency	106,366	86,595	(19,771)
Veterans Commission	2,000	2,000	
Child Abuse	180	170	(10)
Domestic Violence	920	960	40
Inmate Food Reimbursement	12,100	12,055	(45)
National Forest Receipts/Schools	68,000	68,542	542
Bulletproof Vest Grant	3,202	3,202	
DWI/Safe Roads Act	1,500	1,317	(183)
Emergency Management	25,000	17,701	(7,299)
Soil Conservation	40,246	38,196	(2,050)
Total Restricted Intergovernmental Revenue	\$4,175,946	\$4,593,553	\$417,607

**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, 2010**

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine		\$152	\$152
Concealed/Handgun Permits	\$6,500	7,075	575
Building and Other Permits and Fees	101,133	104,450	3,317
Register of Deeds	42,000	44,755	2,755
Marriage Licenses	700	850	150
Franchise - Cable TV	6,000	7,708	1,708
Total Permits & Fees	\$156,333	\$164,990	\$8,657
Sales and Services:			
Jail and Officer Fees	\$27,200	\$31,435	\$4,235
EMS Fees	280,000	335,366	55,366
Trash Fees	1,500	1,013	(487)
Town Tax Billings & Collection	13,225	12,190	(1,035)
Vending Machines	700	1,030	330
Solid Waste/Recycling	40,000	39,525	(475)
Curbside Service	220,289	220,041	(248)
Total Sales & Services	\$582,914	\$640,600	\$57,686
Total Investment Earnings	\$100,001	\$71,316	(\$28,685)
Other Revenues:			
Rent - Economic Development	\$257,759	\$199,474	(\$58,285)
Civic Center Rent	18,000	22,933	4,933
Probation Office Rent	1,760	568	(1,192)
FSA Rent	4,480	5,270	790
Goshen Medical Clinic	30,000	21,698	(8,302)
Other	36,883	39,321	2,438
Total Other Revenues	\$348,882	\$289,264	(\$59,618)
TOTAL REVENUES	\$11,293,543	\$12,066,924	\$773,381

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$56,793	\$55,899	\$894
Operating Expenses	33,675	30,379	3,296
Insurance Other Than Property	144,448	145,496	(1,048)
Total	\$234,916	\$231,774	\$3,142
Elections:			
Salaries & Employee Benefits	\$69,447	\$63,745	\$5,702
Operating Expenses	26,860	20,724	6,136
Total	\$96,307	\$84,469	\$11,838
Finance:			
Salaries & Employee Benefits	\$154,182	\$140,358	\$13,824
Operating Expenses	56,775	54,175	2,600
Total	\$210,957	\$194,533	\$16,424
Taxes:			
Salaries & Employee Benefits	\$215,936	\$213,678	\$2,258
Operating Expenses	46,225	37,024	9,201
Total	\$262,161	\$250,702	\$11,459
Legal:			
Contracted Services	\$60,100	\$41,374	\$18,726
Jury Commission:			
Salaries & Employee Benefits	\$450	\$254	\$196
Operating Expenses	960	814	146
Total	\$1,410	\$1,068	\$342
Register of Deeds:			
Salaries & Employee Benefits	\$79,987	\$76,014	\$3,973
Operating Expenses	49,135	30,258	18,877
Total	\$129,122	\$106,272	\$22,850
Public Buildings:			
Salaries & Employee Benefits	\$99,907	\$98,247	\$1,660
Operating Expenses	159,045	145,674	13,371
Building Improvement	65,000	56,791	8,209
Total	\$323,952	\$300,712	\$23,240

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Salaries & Employee Benefits	\$16,220	\$16,170	\$50
Operating Expenses	81,311	26,402	54,909
	\$97,531	\$42,572	\$54,959
Administration:			
Salaries & Employee Benefits	\$128,190	\$127,071	\$1,119
Operating Expenses	33,170	20,513	12,657
Total	\$161,360	\$147,584	\$13,776
Computer:			
Operating Expenses	\$82,200	\$79,499	\$2,701
TOTAL GENERAL GOVERNMENT	\$1,660,016	\$1,480,559	\$179,457
Public Safety:			
Sheriff's Department:			
Salaries & Employee Benefits	\$596,259	\$559,679	\$36,580
Operating Expenses	265,043	241,724	23,319
Capital	118,500	114,704	3,796
Total	\$979,802	\$916,107	\$63,695
County Jail:			
Salaries & Employee Benefits	\$350,259	\$349,502	\$757
Operating Expenses	325,150	269,349	55,801
Total	\$675,409	\$618,851	\$56,558
Inspections:			
Salaries & Employee Benefits	\$94,572	\$87,000	\$7,572
Operating Expenses	19,725	15,888	3,837
Total	\$114,297	\$102,888	\$11,409
Correction/Rehab Center:			
Operating Expenses	\$60,763	\$49,147	\$11,616
Total			
Emergency Services:			
Salaries & Employee Benefits	\$15,150	\$14,822	\$328
Emergency Services:			
Salaries & Employee Benefits	\$320,647	\$304,016	\$16,631
Operating Expenses	274,343	265,843	8,500
Aid to Local Fire Department	56,295	56,295	
Aid to Local Rescue Squads	43,410	43,410	
Capital	252,000	251,570	430
Total	\$946,695	\$921,134	\$25,561

**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, 2010**

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Communication System:			
Salaries & Employee Benefits	\$7,700	\$6,859	\$841
Operating Expenses	27,830	23,604	4,226
Total	\$35,530	\$30,463	\$5,067
Medical Examiner:			
Professional Services	\$6,000	\$6,200	(\$200)
Rabies Control:			
Salaries & Employee Benefits	\$3,292	\$2,958	\$334
Operating Expenses	4,900	4,813	87
Total	\$8,192	\$7,771	\$421
TOTAL PUBLIC SAFETY	\$2,841,838	\$2,667,383	\$174,455
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$53,236	\$49,660	\$3,576
Operating Expenses	240,091	198,562	41,529
Contracted Services	88,200	71,576	16,624
Total	\$381,527	\$319,798	\$61,729
State Forest Protection	\$64,400	\$63,960	\$440
Soil Conservation:			
Salaries & Employee Benefits	\$84,790	\$82,946	\$1,844
Operating Expenses	5,441	2,895	2,546
Total	\$90,231	\$85,841	\$4,390
TOTAL ENVIRONMENTAL PROTECTION	\$536,158	\$469,599	\$66,559
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$120,800	\$96,038	\$24,762
Operating Expenses	52,719	43,999	8,720
Total	\$173,519	\$140,037	\$33,482

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Salaries & Employee Benefits	\$47,979	\$47,541	\$438
Operating Expenses	22,685	15,749	6,936
Total	\$70,664	\$63,290	\$7,374
Neuse River Council of Governments:			
Allocation & Expenses	\$3,149	\$3,149	\$0
Commissions, Committees & Councils Planning:			
Operating Expenses	\$11,827	\$8,394	\$3,433
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$259,159	\$214,870	\$44,289
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$334,707	\$269,051	\$65,656
Operating Expenses	90,398	89,960	438
Capital Outlay		12,150	(12,150)
Total	\$425,105	\$371,161	\$53,944
Tuberculosis:			
Salaries and Employee Benefits	\$2,015	\$2,014	\$1
Operating Expenses	1,312	1,312	
Total	\$3,327	\$3,326	\$1
Bioterrorism			
Salaries and Employee Benefits	\$31,838	\$30,068	\$1,770
Operating Expenses	15,213	15,234	(21)
Total	\$47,051	\$45,302	\$1,749
Aids	\$500	\$500	\$0
Communicable Disease:			
Salaries & Employee Benefits	\$7,552	\$7,552	
Operating Expenses	2,726	2,725	\$1
Total	\$10,278	\$10,277	\$1

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$49,199	\$49,199	
Operating Expenses	18,133	18,043	\$90
Total	\$67,332	\$67,242	\$90
Maternity Care:			
Salaries & Employee Benefits	\$8,880	\$8,879	\$1
Environmental Health:			
Salaries & Employee Benefits	\$12,878	\$12,877	\$1
Operating Expenses	3,445	3,445	
Total	\$16,323	\$16,322	\$1
Food & Lodging:			
Operating Expenses	\$1,722	\$1,722	\$0
Cancer Prevention:			
Operating Expenses	\$6,353	\$6,239	\$114
Immunization Action Plan:			
Salaries & Employee Benefits	\$9,944	\$9,944	
Operating Expenses	12,475	12,475	
Total	\$22,419	\$22,419	\$0
Maternal & Child Health:			
Salaries & Employee Benefits	\$21,704	\$21,703	\$1
Operating Expenses	38,817	38,200	617
Total	\$60,521	\$59,903	\$618
Women, Infants & Children Supplement Food:			
Salaries & Employee Benefits	\$55,793	\$55,793	
Operating Expenses	21,967	20,370	\$1,597
Total	\$77,760	\$76,163	\$1,597
School Health Education:			
Salaries & Employee Benefits	\$42,589	\$42,589	
Operating Expenses	13,077	13,077	
Total	\$55,666	\$55,666	\$0

**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, 2010**

	Budget	2010 Actual	Variance Favorable (Unfavorable)
School Health Nurse:			
Salaries & Employee Benefits	\$49,726	\$49,726	
Operating Expenses	274	274	
Total	\$50,000	\$50,000	\$0
Health Promotions:			
Salaries & Employee Benefits	\$14,154	\$14,154	
Operating Expenses	10,969	11,288	(\$319)
Total	\$25,123	\$25,442	(\$319)
Migrant Outreach:			
Salaries & Employee Benefits	\$50,786	\$31,726	\$19,060
Operating Expenses	25,405	8,925	16,480
Total	\$76,191	\$40,651	\$35,540
Child Services - Coordinator:			
Salaries & Employee Benefits	\$4,663	\$4,662	\$1
Operating Expenses	337	337	
Total	\$5,000	\$4,999	\$1
Family Based Counseling:			
Operating Expenses	\$73,418	\$73,418	\$0
Wellness:			
Operating Expenses	\$37,400	\$37,206	\$194
Mosquito Control:			
Operating Expenses	\$3,300	\$1,085	\$2,215
Teen Pregnancy Prevention:			
Salaries & Employee Benefits	\$46,504	\$42,047	\$4,457
Operating Expenses	28,496	32,953	(4,457)
Total	\$75,000	\$75,000	\$0
Teen Tobacco Prevention:			
Operating Expenses	\$8,772	\$7,970	\$802

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
NC PHER:			
Salaries & Employee Benefits	\$50,971	\$50,971	
Operating Expenses	87,707	87,613	\$94
Total	\$138,678	\$138,584	\$94
H.E.A.L.T.H.Y.:			
Salaries & Employee Benefits		\$2,415	(\$2,415)
Operating Expenses	\$35,992	19,317	16,675
Total	\$35,992	\$21,732	\$14,260
Healthy Carolinian:			
Salaries & Employee Benefits	\$8,355	\$8,355	
Operating Expenses	2,623	2,415	\$208
Total	\$10,978	\$10,770	\$208
Miracle Health Disparities Grant:			
Salaries & Employee Benefits	\$1,771	\$1,770	\$1
Operating Expenses	40,457	39,848	609
Total	\$42,228	\$41,618	\$610
Total Health	\$1,385,317	\$1,273,596	\$111,721
Mental Health:			
Administration:			
Regional Allocation	\$25,456	\$25,456	
Bottle Tax	4,000	3,623	\$377
Total Mental Health	\$29,456	\$29,079	\$377
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,105,771	\$1,057,847	\$47,924
Operating Expenses	854,449	817,146	37,303
Capital Outlay	64,601	64,601	
Total	\$2,024,821	\$1,939,594	\$85,227
AFDC Program:			
Extra Items	\$4,000	\$330	\$3,670
Foster Care	31,568	38,758	(7,190)
Total	\$35,568	\$39,088	(\$3,520)

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Medicaid Program:			
County Participation Only	\$18,000	\$14,423	\$3,577
Foster Care	\$10,000	\$10,000	\$0
General Assistance	\$1,100	\$225	\$875
Aid to Blind	\$4,152	\$802	\$3,350
Day Care - County Participation	\$539,059	\$524,013	\$15,046
Food Stamp - EBT	\$3,769	\$3,910	(\$141)
Title III - Homemaker:			
Salaries & Employee Benefits	51,741	48,772	2,969
Operating Expenses	2,255	1,771	484
Total	\$53,996	\$50,543	\$3,453
Work First Jobs Program	\$65,300	\$42,789	\$22,511
Work First Family Assistance	\$1,000	\$0	\$1,000
Supplemental Assistance	\$134,238	\$100,173	\$34,065
Medicaid Transportation Dialysis	\$350,000	\$351,707	(\$1,707)
Crisis Intervention	\$51,901	\$38,164	\$13,737
Adoption Assistance	\$8,484	\$8,058	\$426
Energy Assistance - Progress Energy	\$2,686	\$1,819	\$867
Adult & Youth Services	\$16,500	\$1,684	\$14,816
Long-Term Care Screening	\$7,000	\$5,844	\$1,156
Domestic Violence	\$7,183	\$599	\$6,584
Child Protective Service	\$100	\$100	\$0
Total Social Services	\$3,334,857	\$3,133,535	\$201,322

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Veterans Service Officer:			
Salaries & Employee Benefits	\$9,074	\$8,268	\$806
Operating Expenses	10,256	10,115	141
Total Veterans Service Officer	\$19,330	\$18,383	\$947
Rural Transportation	\$92,154	\$70,314	\$21,840
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$27,975	\$27,804	\$171
Title V	113,875	80,013	33,862
Transportation	51,091	44,810	6,281
SR Services Outreach	13,309	13,315	(6)
Total Tri-County Senior Citizens	\$206,250	\$165,942	\$40,308
TOTAL HUMAN SERVICES	\$5,067,364	\$4,680,749	\$386,615
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$26,407	\$25,942	\$465
Operating Expenses	23,110	19,877	3,233
Total	\$49,517	\$45,819	\$3,698
Civic Center:			
Operating Expenses	\$34,500	\$29,601	\$4,899
Interagency Council:			
Operating Expenses	\$16,448	\$2,820	\$13,628
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$104,414	\$104,371	\$43
TOTAL CULTURAL AND RECREATIONAL	\$206,654	\$184,386	\$22,268

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
Education:			
Public Schools:			
Current Expense	\$1,683,965	\$1,513,709	\$170,256
Forest Receipts	30,000	68,028	(38,028)
Capital Outlay	100,000	99,969	31
Total	\$1,813,965	\$1,681,706	\$132,259
Community College:			
Salaries & Employee Benefits	\$10,816	\$10,399	\$417
Operating Expenses	50,600	50,567	33
Capital	50,000	50,000	
Total	\$111,416	\$110,966	\$450
TOTAL EDUCATION	\$1,925,381	\$1,792,672	\$132,709
Debt Service:			
Principal Retirement	\$166,487	\$166,487	
Interest	71,864	71,263	\$601
Total	\$238,351	\$237,750	\$601
Miscellaneous - County	\$132,200	\$64,287	\$67,913
TOTAL EXPENDITURES	\$12,867,121	\$11,792,255	\$1,074,866
Revenues Over (Under) Expenditures	(\$1,573,578)	\$274,669	\$1,848,247
OTHER FINANCING SOURCES (USES):			
<i>Transfers from Other Funds:</i>			
Enterprise Fund	\$65,000	\$65,000	
Capital Projects Fund		65,799	\$65,799
Special Revenue Fund	148,311	148,311	
<i>Transfers to Other Funds:</i>			
Special Revenue Fund	(25,000)	(25,000)	
Capital Projects Fund	(9,322)	(9,322)	
Installment Obligation Issued	225,000	225,000	
Appropriated Fund Balance	1,169,589		(1,169,589)
Total Other Financing Sources (Uses)	\$1,573,578	\$469,788	(\$1,103,790)
NET CHANGE IN FUND BALANCE	\$0	\$744,457	\$744,457
FUND BALANCES:			
Beginning of Year, July 1		7,907,033	
End of Year, June 30		\$8,651,490	

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.

Capital Projects Funds

- *Courthouse Renovations Capital Projects Fund* – The County uses this fund to account for the construction/improvement of the courthouse.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010

	Special Revenue Funds			Total Non-major Special Revenue Funds
	Property Revaluation Fund	Emergency Telephone System Fund	Community Development Block Grant	
<u>ASSETS</u>				
Cash and Investments	\$100,751	\$327,811	\$15,925	\$444,487
Due From Other Governments		16,543	333	16,876
TOTAL ASSETS	\$100,751	\$344,354	\$16,258	\$461,363
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable		\$4,101	\$16,258	\$20,359
Total Liabilities	\$0	\$4,101	\$16,258	\$20,359
Fund Balances:				
Designated for Subsequent Year's Expenditure	\$100,751	\$340,253		\$441,004
Total Fund Balances	\$100,751	\$340,253	\$0	\$441,004
TOTAL LIABILITIES AND FUND BALANCES	\$100,751	\$344,354	\$16,258	\$461,363

Capital Project Fund Courthouse Renovations Capital Projects Fund	Total Non-major Capital Projects Funds	Total Non-major Governmental Funds
		\$444,487
		16,876
\$0	\$0	\$461,363
		\$20,359
\$0	\$0	\$20,359
		\$441,004
\$0	\$0	\$441,004
\$0	\$0	\$461,363

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds			Total
	Property Revaluation Fund	Emergency Telephone System Fund	Community Development Block Grant	Nonmajor Special Revenue Funds
REVENUES:				
Restricted Intergovernmental		\$198,510	\$51,025	\$249,535
Total Revenues	\$0	\$198,510	\$51,025	\$249,535
EXPENDITURES:				
General Government	\$301			\$301
Public Safety		\$136,643		136,643
Economic & Physical Development			\$51,025	51,025
Total Expenditures	\$301	\$136,643	\$51,025	\$187,969
Revenues Over (Under) Expenditures	(\$301)	\$61,867	\$0	\$61,566
OTHER FINANCING SOURCES (USES):				
Transfers From (To) Other Funds	\$25,000	(\$148,311)		(\$123,311)
Total Other Financing Sources (Uses)	\$25,000	(\$148,311)	\$0	(\$123,311)
Net Change in Fund Balances	\$24,699	(\$86,444)	\$0	(\$61,745)
FUND BALANCES:				
Beginning of Year, July 1	76,052	426,697		502,749
End of Year, June 30	\$100,751	\$340,253	\$0	\$441,004

Capital Projects Fund	Total	Total
Courthouse	Nonmajor	Total
Renovations	Capital	Nonmajor
Capital Projects	Projects	Governmental
Fund	Funds	Funds
		\$249,535
\$0	\$0	\$249,535
\$68,478	\$68,478	\$68,779
		136,643
		51,025
\$68,478	\$68,478	\$256,447
(\$68,478)	(\$68,478)	(\$6,912)
(\$65,799)	(\$65,799)	(\$189,110)
(\$65,799)	(\$65,799)	(\$189,110)
(\$134,277)	(\$134,277)	(\$196,022)
134,277	134,277	637,026
\$0	\$0	\$441,004

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, 2010

	Annual Budget	2010 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Investment Earnings			
Total Revenues	\$0	\$0	\$0
EXPENDITURES:			
<i>General Government:</i>			
Bank Charges	\$0	\$301	(\$301)
Revenues Over (Under) Expenditures	\$0	(\$301)	(\$301)
OTHER FINANCING SOURCES:			
Operating Transfer From General Fund	\$25,000	\$25,000	
Appropriated Fund Balance	(25,000)		\$25,000
Total Other Financing Sources	\$0	\$25,000	\$25,000
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$24,699	\$24,699
FUND BALANCE:			
Beginning of Year, July 1		76,052	
End of Year, June 30		\$100,751	

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, 2010

	Annual Budget	2010 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
PSAP Collections	\$161,656	\$198,510	\$36,854
Total Revenues	\$161,656	\$198,510	\$36,854
EXPENDITURES:			
Public Safety	\$161,656	\$136,643	\$25,013
Total Expenditures	\$161,656	\$136,643	\$25,013
 Revenues Over (Under) Expenditures	 \$0	 \$61,867	 \$61,867
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(\$148,311)	(\$148,311)	
Fund Balance Appropriated	148,311		\$148,311
Total Other Financing Sources (Uses)	\$0	(\$148,311)	\$0
 Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	 \$0	 (\$86,444)	 (\$86,444)
FUND BALANCE:			
Beginning of Year, July 1		426,697	
End of Year, June 30		\$340,253	

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2007 Scattered Site Housing	\$400,000	\$398,911	\$1,089	\$400,000	
2009 CDBG-R Scattered Site Housing	450,000		18,833	18,833	(\$431,167)
2009 Talent Enhancement Demonstration Grant	75,000		31,103	31,103	(43,897)
Total Revenues	\$925,000	\$398,911	\$51,025	\$449,936	(\$475,064)
EXPENDITURES:					
<i>Economic Development:</i>					
<i>2007 Scattered Site Housing:</i>					
Clearance	\$45,000	\$45,000		\$45,000	
Administration	35,000	34,256	\$744	35,000	
Relocation	320,000	319,655	345	320,000	
Total 2007 Scattered Site Housing Exp	\$400,000	\$398,911	\$1,089	\$400,000	\$0
<i>2009 CDBG-R Scattered Site Housing:</i>					
Clearance	\$39,000		\$4,000	\$4,000	\$35,000
Administration	22,500		2,833	2,833	19,667
Relocation	388,500		12,000	12,000	376,500
Total 2009 CDBG-R Scattered Site Housing Exp	\$450,000	\$0	\$18,833	\$18,833	\$431,167
<i>2009 Talent Enhancement Demonstration Grant:</i>					
Clearance					
Administration	\$7,500		\$6,150	\$6,150	\$1,350
Planning	67,500		24,953	24,953	42,547
Total 2009 TEDG Expenditures	\$75,000	\$0	\$31,103	\$31,103	\$43,897
Total Expenditures	\$925,000	\$398,911	\$51,025	\$449,936	\$475,064
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
COURTHOUSE RENOVATIONS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2010

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
EXPENDITURES:					
<i>General Government:</i>					
Architectural Services	\$70,100	\$68,773	\$1,288	\$70,061	\$39
Contract Services	580,785	535,140	45,289	580,429	356
Miscellaneous	29,115	7,160	21,901	29,061	54
Total Expenditures	\$680,000	\$611,073	\$68,478	\$679,551	\$449
Revenues Over (Under) Expenditures	(\$680,000)	(\$611,073)	(\$68,478)	(\$679,551)	(\$449)
OTHER FINANCING SOURCES (USES):					
<i>Transfer From (To) Other Funds:</i>					
General Fund	\$535,000	\$600,350	(\$65,799)	\$534,551	\$449
County Complex Capital Project Reserve Fund	145,000	145,000		145,000	
Total Other Financing Sources	\$680,000	\$745,350	(\$65,799)	\$679,551	\$449
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$134,277	(\$134,277)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			134,277		
End of Year, June 30			\$0		

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, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$922,450	\$853,879	(\$68,571)
Water Tap Fees	25,000	15,000	(10,000)
Reconnect Fees	41,000	28,170	(12,830)
Other Operating Revenues	4,100	5,223	1,123
Total Operating Revenues	\$992,550	\$902,272	(\$90,278)
NONOPERATING REVENUES:			
Interest Earned on Investment			
Total Nonoperating Revenues	\$0	\$0	\$0
Total Revenues	\$992,550	\$902,272	(\$90,278)
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$77,013	\$73,574	\$3,439
Professional Services	9,000	8,280	720
Insurance	66,550	59,008	7,542
Postage	13,000	11,269	1,731
Supplies	1,000	793	207
Printing	3,000	1,467	1,533
Telephone	1,500	1,479	21
Other Operating Expenses	70,035	68,975	1,060
Total	\$241,098	\$224,845	\$16,253
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$198,451	\$188,425	\$10,026
Electric Power	60,000	64,910	(4,910)
Vehicles Operation & Maintenance	28,000	22,979	5,021
Supplies & Materials	9,600	8,083	1,517
Sample Analysis	12,000	7,654	4,346
Other Operating Expenses	71,124	73,339	(2,215)
Maintenance & Replacement	131,475	77,231	54,244
Total	\$510,650	\$442,621	\$68,029
Total Operating Expenses	\$751,748	\$667,466	\$84,282
<i>Debt Service:</i>			
Interest and Other Charges	\$48,825	\$21,875	\$26,950
Debt Principal	5,075	5,075	
Total	\$53,900	\$26,950	\$26,950

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2010

	2010		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$65,050	\$14,301	\$50,749
Total Expenditures	\$870,698	\$708,717	\$161,981
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$121,852	\$193,555	\$71,703
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(\$65,000)	(\$65,000)	
Transfer to Water Capital Reserve Fund	(85,000)	(85,000)	
Transfer from General Fund	9,322	9,322	
Capital Contribution by Developer		30,000	\$30,000
Appropriated Fund Balance	18,826		(18,826)
Total Other Financing Sources (Uses)	(\$121,852)	(\$110,678)	\$11,174
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$82,877	\$82,877
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over (Under) Expenditures		\$82,877	
Reconciling Items:			
Debt Principal		\$5,075	
Capital Outlay		14,301	
Increase in Accrued Vacation		(4,096)	
Depreciation		(231,358)	
Transfer to Water Capital Reserve		85,000	
Bank Charges from Water Capital Reserve		(1,614)	
Total Reconciling Items		(\$132,692)	
Change in Net Assets		(\$49,815)	

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, 2010

	Budget	2010 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earned on Investments	\$0	\$0	\$0
EXPENDITURES:			
Admin - Bank Charges		\$1,614	(\$1,614)
	\$0	\$1,614	(\$1,614)
Revenues Over (Under) Expenditures	\$0	(\$1,614)	(\$1,614)
OTHER FINANCING SOURCES:			
Transfer from Water Fund	\$85,000	\$85,000	
Transfer to Well Improvement Capital Project Fund		(48,273)	(\$48,273)
Appropriated Fund Balance	(85,000)		85,000
Total Other Financing Sources	\$0	\$36,727	\$36,727
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$35,113	\$35,113
FUND BALANCES:			
Beginning of Year, July 1		407,076	
End of Year, June 30		\$442,189	

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, 2010

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
REVENUES:					
NC Rural Development Grant	\$500,000	\$0	\$0	\$0	\$500,000
EXPENDITURES:					
Construction	\$568,750		\$35,676	\$35,676	\$533,074
Engineering	45,000		10,371	10,371	34,629
Inspection	35,000				35,000
Professional - Other	15,000				15,000
Legal	7,500				7,500
Permit Fees	2,500				2,500
Advertisements	2,000		309	309	1,691
Capital Outlay	20,000		1,910	1,910	18,090
Administration	25,000		23	23	24,977
Contingency	29,250				29,250
Total Expenditures	\$750,000	\$0	\$48,289	\$48,289	\$701,711
Revenues Over (Under) Expenditures	(\$250,000)	\$0	(\$48,289)	(\$48,289)	(\$201,711)
OTHER FINANCING SOURCES:					
Water Capital Reserve Fund (Local Match)	\$250,000		\$48,273	\$48,273	\$201,727
Total Other Financing Sources	\$250,000	\$0	\$48,273	\$48,273	\$201,727
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$0	(\$16)	(\$16)	(\$16)
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			(\$16)		

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, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services Fund:				
Assets, Cash and Investments	\$17,634	\$34,828	\$34,286	\$18,176
Liabilities, Accounts Payable	\$17,634	\$34,828	\$34,286	\$18,176
Fines and Forfeitures Fund:				
Assets, Cash and Investments	\$54,510	\$90,842	\$145,097	\$255
Accounts Receivable	7,760	6,967	7,760	6,967
Total	\$62,270	\$97,809	\$152,857	\$7,222
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$61,745	\$29,182	\$84,145	\$6,782
Intergovernmental Payable - State of North Carolina	525	6,698	6,783	440
Total Liabilities	\$62,270	\$35,880	\$90,928	\$7,222
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$12,941	\$291,989	\$289,457	\$15,473
Liabilities, Intergovernmental Payables	\$12,941	\$291,989	\$289,457	\$15,473
Agricultural Extension Fund:				
Assets, Cash and Investments	\$25,236	\$19,789	\$15,897	\$29,128
Liabilities, Intergovernmental Payables	\$25,236	\$19,789	\$15,897	\$29,128
Totals - All Agency Funds:				
Assets, Cash	\$110,321	\$437,448	\$484,737	\$63,032
Accounts Receivable	7,760	6,967	7,760	6,967
	\$118,081	\$444,415	\$492,497	\$69,999
Liabilities and Payables	\$118,081	\$382,486	\$430,568	\$69,999

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, 2010

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-10		\$5,032,206	\$4,758,046	\$274,160
2008-09	292,048		225,281	66,767
2007-08	56,975		30,090	26,885
2006-07	23,591		4,607	18,984
2005-06	23,361		2,786	20,575
2004-05	13,893		2,227	11,666
2003-04	12,727		1,116	11,611
2002-03	11,699		641	11,058
2001-02	8,985		370	8,615
2000-01	13,054		435	12,619
1999-00	11,187		11,187	
	<u>\$467,520</u>	<u>\$5,032,206</u>	<u>\$5,036,786</u>	<u>\$462,940</u>
Less: Allowance for Uncollectible Ad Valorem Taxes				(16,500)
Plus: Uncollected 2009-2010 Ad Valorem Taxes Receivable Vehicles				59,169
Ad Valorem Taxes Receivable - Net				<u><u>\$505,609</u></u>
Reconciliation with Revenue:				
Taxes - Ad Valorem - General Fund				<u><u>\$5,057,229</u></u>
<i>Reconciling Items:</i>				
Penalties and Costs				\$13,278
Set off Penalties & Int				(7,874)
Discounts Allowed				20,642
Taxes Written Off				11,187
Interest Collected				(57,263)
Finance Office - Billing				(3,282)
Prior Year Releases				2,869
Total Reconciling Items				<u><u>(\$20,443)</u></u>
Total Collections and Credits				<u><u>\$5,036,786</u></u>

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2010

	County-Wide		Total Levy		
	Property	Rate	Amount of	Property	Registered
	Valuation		Levy	Excluding	
					Registered
					Motor Vehicles
Original Levy:					
Property and Motor Vehicles Taxed at Current Year's Rate	\$690,871,284	0.70	\$4,838,815	\$4,526,834	\$311,981
Property and Motor Vehicles Taxed at Prior Year's Rate	25,856,626	0.70	180,996		180,996
Total Original Levy	\$716,727,910		\$5,019,811	\$4,526,834	\$492,977
Discoveries:					
Current Year Taxes	\$3,460,108	0.70	\$24,221	\$24,221	
Prior Year Taxes			10,507	10,507	
Total	\$3,460,108		\$34,728	\$34,728	\$0
Deferred:					
Current Year Taxes	\$863,540	0.70	\$5,932	\$5,932	
Abatements	(\$4,512,571)		(\$28,265)	(\$28,265)	
Total Property Valuation	\$716,538,987				
Net Levy			\$5,032,206	\$4,539,229	\$492,977
Uncollected Taxes at June 30, 2010			274,160	188,041	86,119
Current Year's Taxes Collected			\$4,758,046	\$4,351,188	\$406,858
Current Levy Collection Percentage			94.55%	95.86%	82.53%

**JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2010**

Taxpayer	Type of Business	2009 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$19,978,684	2.79%
Jones - Onslow EMC	Utility	19,908,886	2.78%
Brown's Realty Partnership	Real Estate	10,062,471	1.40%
Jones County Cotton Gin	Agricultural	6,188,830	0.86%
Progress Energy	Utility	5,359,317	0.75%
Carolina Telephone & Telegraph Company	Utility	5,184,201	0.72%
Brunswick Timber LLC	Timber	2,990,283	0.42%
ECIM Properties LLC	Real Estate Rental	2,786,259	0.39%
Brown's Farm LLC	Agricultural	2,660,377	0.37%
Eastern NC Broadcasting Corporation	Broadcasting	2,494,516	0.35%
Total		\$77,613,824	10.83%

COMPLIANCE SECTION



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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**

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, 2010, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated November 29, 2010. 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

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 10-1 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 10-2.

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 29, 2010



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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 are applicable to each of its major federal programs for the year ended June 30, 2010. 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, 2010. 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 Finding 10-3 and Finding 10-4.

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 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, 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 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 federal 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 10-4 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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-3 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 it.

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 29, 2010



BARROW, PARRIS & DAVENPORT, P.A.
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, 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, 2010. 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which is described in the accompanying schedule of findings and questioned costs as Finding10-5.

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 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.

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 10-5 to be a material weakness.

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 it.

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 29, 2010

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2010

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

	<u>YES</u>	<u>NO</u>
<u>Financial Statements</u>		
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>
<u>Federal Awards</u>		
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:		
<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>	
	Supplemental Nutrition Assist. Program Cluster:	
10.551	Supplemental Nutrition Assist. Program – Direct Benefit Payments	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assist. Program, Recovery, and Fraud	
	Subsidized Child Care Cluster:	
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	TANF	
93.667	Social Services Block Grant	
93.713	ARRA-Child Care and Development Fund	
93.778	Medical Assistance Program	
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$491,171</u>	
Auditee qualified as low-risk auditee		X

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2010

<u>State Awards</u>	<u>YES</u>	<u>NO</u>
Internal control over major State programs:		
• 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>
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	<u> X </u>	<u> </u>
Identification of major State programs:		

Program Name

Medical Assistance Program

II. FINANCIAL STATEMENT FINDINGS

FINDING 10-1

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.

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.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2010

FINDING 10-2

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 several departments in various County funds exceeded the appropriations 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 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.

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JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2010

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 10-3 (REPEAT FINDING)

U.S. DEPARTMENT OF AGRICULTURE

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

Program Names: Food Stamp Cluster: Food Stamp Program – Direct Benefit Payments, State Administrative Matching Grants for the Food Stamp Program

CFDA#’s: 10.551, 10.561

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 and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant; 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: 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.

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.

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, 2010

FINDING 10-4 (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. Workers must also document if the client has health insurance coverage. For Medicaid for the Disabled (M-AD) cases, the case file should contain verification of disability. 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.

As part of the financial requirements, Medicaid case files should contain verification that automated income and resource matches were completed. The case should also contain income verification and evidence that the budget was computed correctly. In addition, the case file should contain evidence that real property was verified.

Condition: In our test of 40 client files, 2 files did not contain proper citizenship documentation, 1 file did not contain proper State residency documentation, 3 files did contain documentation of health insurance coverage, 1 M-AD case file did not contain verification of disability, 1 file did not contain proper documentation for the Notice of Rights to Transportation, 2 files did not contain verification that automated matches were completed, 5 files did not have income verification/budget computed correctly, and 3 files did not have documentation verifying real property ownership. In summary, 9 client files contained 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.

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, 2010

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 10-5

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Program Name: Medical Assistance Program

REFER TO FEDERAL FINDING 10-4

**JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2010**

FINANCIAL STATEMENT FINDINGS

FINDING: 10-1

- 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: 10-2

- 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: 10-3

- 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: 10-4

- 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.

STATE AWARD FINDINGS

FINDING 10-5

REFER TO FEDERAL FINDING 10-4

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2010

<u>FINDING 09-1</u>	(Financial Reporting)
STATUS:	Not corrected. See current year finding 10-1.
<u>FINDING 09-2</u>	(Budgetary Over-expenditures)
STATUS:	Not corrected. See current year finding 10-2.
<u>FINDING 09-3</u>	(Depositing Moneys – Health Department)
STATUS:	Corrected.
<u>FINDING 09-4</u>	(DSS-1571 - Day Sheets)
STATUS:	Not corrected. See current year finding 10-3.
<u>FINDING 09-5</u>	(Subsidized Child Care Cluster – Parent Fees)
STATUS:	Corrected.
<u>FINDING 09-6</u>	(Subsidized Child Care Cluster – Provider Files)
STATUS:	Corrected.
<u>FINDING 09-7</u>	(Medicaid Transportation - Assessments)
STATUS:	Corrected.
<u>FINDING 09-8</u>	(Medical Assistance Program - Documentation)
STATUS:	Not corrected. See current year finding at 10-4.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS				
U.S. DEPARTMENT OF AGRICULTURE:				
Food and Nutrition Service:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster:				
<i>Administered by County Dept. of Social Services:</i>				
Supplemental Nutrition Assist. Program - Direct Benefit Payments	10.551	\$2,626,318		
State Administrative Matching Grants for the Supplemental Nutrition Assist. Program	10.561	151,862		\$151,862
Supplemental Nutrition Assist. Program Recovery	10.561	40,000		
Supplemental Nutrition Assist. Program Fraud	10.561	1,933		1,933
Total Supplemental Nutrition Assist. Program Cluster		\$2,820,113	\$0	\$153,795
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
Administration:				
<i>Administered by County Health Department:</i>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$76,186		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	156,420		
		\$232,606	\$0	\$0
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$10,797		
Nutrition Program for the Elderly-C2	10.570	3,031		
		\$13,828	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$27,645		
		\$27,645	\$0	\$0
Total U.S. Department of Agriculture		\$3,094,192	\$0	\$153,795

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Direct Program:				
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	\$13,427		
Bulletproof Vest Partnership	16.607	3,202		\$3,916
Total U.S. Department of Justice		\$16,629	\$0	\$3,916
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed Through NC Department of Transportation:</i>				
Safety Belt Enforcement	20.609	\$57,550		\$10,156
Alcohol Impaired Driving Countermeasure Incentive	20.601	6,907		1,219
Total U.S. Department of Transportation		\$64,457	\$0	\$11,375
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through NC Department of Commerce:</i>				
Community Development Block Grant				
Small Cities - Scattered Site	14.228	\$1,089		
Talent Enhancement	14.228	31,103		
Small Cities - Scattered Site - Recovery	14.228	18,833		
Total U.S. Department of Housing and Urban Development		\$51,025	\$0	\$0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Division of Emergency Management:				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	97.042	\$17,701		
Total U.S. Department of Homeland Security		\$17,701	\$0	\$0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Aging Cluster:				
<i>Administered by County Finance Department:</i>				
Special Programs for the Elderly-				
Congregate Nutrition				
Title III C-Nutritional Services (Congregate)	93.045	\$56,066	\$3,702	\$5,977
ARRA Congregate Nutrition	93.707	3,538	181	
Home Delivered Meals			13,310	1,331
Title III C-Nutritional Services (Home Delivered Meals)	93.045	33,019	1,943	3,496
ARRA Home Delivered Meals	93.705	1,742	103	
In Home Aid	93.667	2,850	1,074	
In Home Aid			24,941	
In Home Aid Title III	93.044	40,760	2,398	7,202
NSIP Supplement	10.570	13,067		
Total Aging Cluster		\$151,042	\$47,652	\$18,006

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Secretary:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$22,290		
Bioterrorism	93.283	153,255		
Temporary Assistance for Needy Families	93.558	76,093		
		\$251,638	\$0	\$0
<u>Administration for Children and Families:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
<u>Temporary Assistance for Needy Families Cluster</u>				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$58,454		\$27,690
Work First Service	93.558	144,052		67,946
Work First/TANF-Direct Benefit Payments	93.558	69,554		12
Total TANF Cluster		\$272,060	\$0	\$95,648
NC Child Support Enforcement Section	93.563	\$215,884	\$0	\$111,249
<i>Low Income Home Energy Assistance Block Grant:</i>				
Administration	93.568	\$9,630		
Crisis Intervention Program	93.568	39,186		
Energy Assistance Payments-Direct Benefit Payments	93.568	82,592		
		\$131,408	\$0	\$0
Permanency Planning-Administration	93.645	\$3,006	\$795	\$252
Adoption Subsidy-Direct Benefit Payments	93.645		15,216	
		\$3,006	\$16,011	\$252
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care-Administration	93.658	\$21,104	\$3,777	\$14,714
Foster Care-Direct Benefit Payments	93.658	32,902	11,113	21,789
Adoption Assistance-Direct Benefit Payments	93.659	15,976	2,922	3,614
Total Foster Care and Adoption Cluster		\$69,982	\$17,812	\$40,117
Social Services Block Grant	93.667	\$74,140	\$4,594	\$22,249

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:				
Subsidized Child Care Cluster:				
<i>Administered by County Department of Social Services:</i>				
Child Care Development Fund-Administration	93.596	\$80,000		
Temporary Assistance for Needy Families	93.558	64,729		
Child Care and Development Fund-Discretionary	93.575	226,139		
Social Service Block Grant	93.667	5,715		
Child Care and Development Fund-Mandatory	93.596	32,819		
Child Care and Development Fund-Match	93.596	32,131		
ARRA - Child Care and Development Fund	93.713	64,610		
State Funding Day Care			\$41,440	
TANF-MOE Daycare			38,725	
Smart Start			17,279	
Total Subsidized Child Care Cluster		\$506,143	\$97,444	\$0
Center for Medicare and Medicaid Services:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Medical Assistance:				
<i>Administered by County Department of Social Services:</i>				
Medicaid Administration	93.778	\$11,858	\$10,180	\$1,678
Medicaid Reimbursement Projects - Transportation	93.778	185,492	2,308	178,607
Direct Benefit Payments:				
Medical Assistance Program	93.778	11,088,688	3,960,050	25,939
State Children's Insurance Program - N.C. Health Choice	93.767	15,799	535	4,585
		\$11,301,837	\$3,973,073	\$210,809
Health Resources and Services Administration:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Maternal and Child Health Services Block Grant	93.994	\$112,209	\$112,209	\$112,209
Immunization Cluster				
Immunization Grants	93.268	\$12,692		
ARRA - Immunizations	93.712	9,726		
Total Immunizations Cluster		\$22,418	\$0	\$0
Centers for Disease Control				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Health Promotions	93.991	\$16,612		
		\$16,612	\$0	\$0
Total U.S. Department of Health and Human Services		\$13,128,379	\$4,156,586	\$498,330
TOTAL FEDERAL ASSISTANCE		\$16,372,383	\$4,156,586	\$652,125

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
STATE PROGRAMS				
OFFICE OF THE GOVERNOR:				
Division of Veteran Affairs:				
<i>Administered by County Veterans Services:</i>				
Veteran Affairs		\$0	\$2,000	\$0
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Division of Youth Services:				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency			\$77,922	
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$107,889	\$100,173
Division of Public Health:				
<i>Administered by County Health Department:</i>				
General			\$78,930	
Communicable Disease			2,540	
Women's Preventative Health			2,049	
Food & Lodging			750	
Carolina Power & Light			1,819	
Risk Reduction/Health Promotion			6,383	
Aids-State			500	
Tuberculosis			10,565	
NC Farmworker Migrant Grant			76,118	
Miracle Grant (Closing the Gap)			50,000	
Healthy Carolinas Partnership Support			600	
Preparedness & Response			38,228	
LHD Smokefree Law			147	
Breast & Cervical Cancer Control			2,550	
			\$271,179	
Divison of Natural Resources:				
<i>Administered by County Department of Soil and Water Conservation:</i>				
Soil and Water Conservation			\$38,196	
Total NC Department of Health and Human Services		\$0	\$495,186	\$100,173
NC DEPARTMENT OF CORRECTIONS:				
<i>Passed through the Criminal Justice Partnership Program:</i>				
<i>Administered by County Finance Office:</i>				
Correction and Rehab Center		\$0	\$49,147	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$122,354	\$0
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant		\$0	\$2,582	\$0
TOTAL STATE ASSISTANCE		\$0	\$671,269	\$100,173
TOTAL FEDERAL AND STATE ASSISTANCE		\$16,372,383	\$4,940,064	\$879,798

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.