

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2013

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Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2013

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

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Frank Emory
Chairman

Sondra I. Riggs

Mike Haddock

Zack Koonce

Joseph F. Wiggins

COUNTY OFFICIALS

Franky Howard
County Manager

Wayne Vanderford
Tax Supervisor/Collector

Melissa Moore-Freeman
Finance Officer

Susan Gray
Register of Deeds

Thelma Simmons
Social Services Director

Danny Heath
Sheriff

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Jones County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Jones County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We also audited the financial statements of Jones County ABC Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Jones County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 3 through 10 and pages 52 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by the 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 fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013 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 grant agreements, and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County's internal control over financial reporting and compliance.

Barrow, Parris & Davenport, P.A.
BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

December 6, 2013

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, 2013. 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

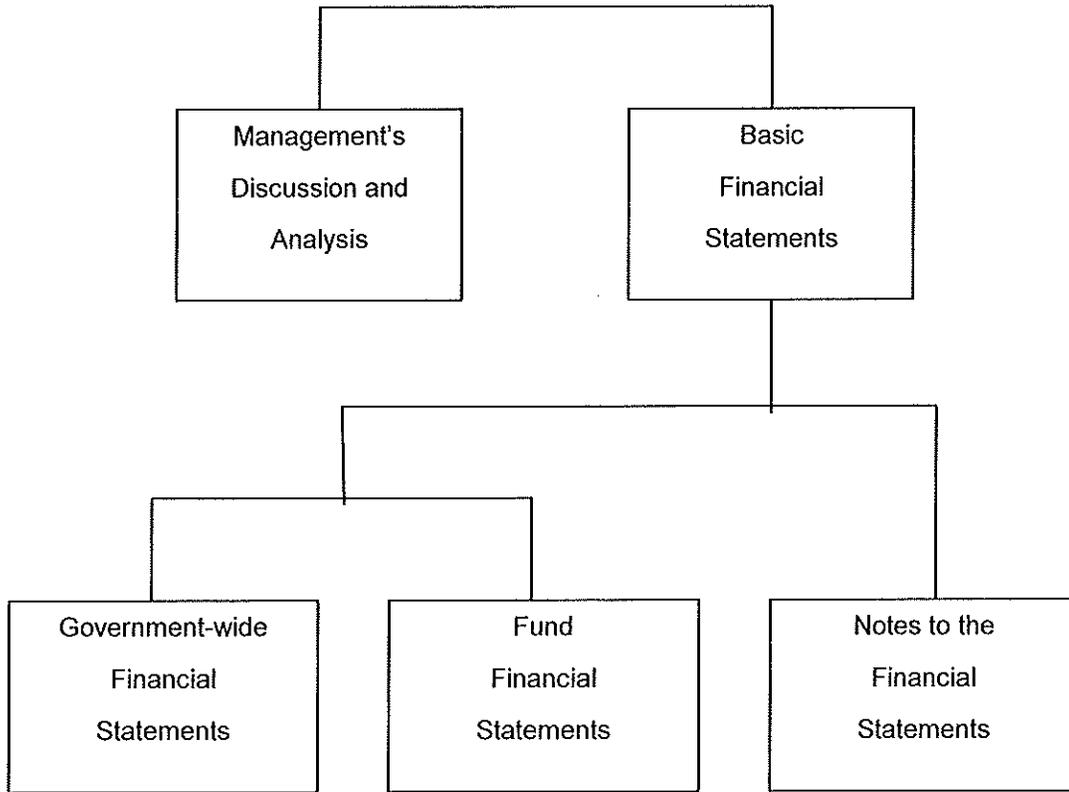
- The assets and deferred outflows of resources of Jones County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,084,832 (*net position*).
- The government's total net position increased by \$1,150,666, primarily due to increased net position in the governmental funds. This compares to a decrease of \$2,677,530 in 2012.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general and special revenue funds) reported combined ending fund balances of \$7,977,592, an increase of \$306,604 in comparison with the prior year. At June 30, 2013, approximately 46.28% of this total amount or \$3,692,314 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,119,029, or 25.63% of total general fund expenditures for the fiscal year.
- Jones County's total debt decreased by \$423,885 (8.06%) during the current fiscal year. The County did not incur any new debt during the current fiscal year.

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



Summary → Detail

Basic Financial Statements

Basic Financial Statements

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

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

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 23 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$19,084,832 as of June 30, 2013. As of June 30, 2012, the net position of Jones County stood at \$17,934,165. The County's net position increased by \$1,150,666 for the fiscal year ended June 30, 2013, compared to a decrease of \$2,677,530 in 2012. One of the largest portions \$10,800,107 (56.59%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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 position \$3,718,084 (19.48%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,566,641 (23.93%) is unrestricted. In 2012, the amount of net investment in capital assets was 10,494,011, with restricted net position standing at \$3,486,340. The remaining balance of \$3,953,814 was unrestricted net position.

Jones County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$10,026,904	\$9,321,878	\$2,366,268	\$1,946,164	\$12,393,172	\$11,268,042
Capital assets	6,211,466	6,029,510	6,925,094	7,007,761	13,136,560	13,037,271
Total assets	\$16,238,370	\$15,351,388	\$9,291,362	\$8,953,925	\$25,529,732	\$24,305,313
Current Liabilities	\$931,349	\$633,708	\$293,014	\$137,176	\$1,224,363	\$770,884
Long-Term Liabilities	4,675,190	5,087,847	509,519	512,417	5,184,709	5,600,264
Total liabilities	\$5,606,539	\$5,721,555	\$802,533	\$649,593	\$6,409,072	\$6,371,148
Total deferred inflows of resources	\$35,828	\$0	\$0	\$0	\$35,828	\$0
Net position:						
Net investment in capital assets	\$4,353,342	\$3,970,349	\$6,446,765	\$6,523,662	\$10,800,107	\$10,494,011
Restricted	3,690,782	3,459,038	27,302	27,302	3,718,084	3,486,340
Unrestricted	2,551,879	2,200,446	2,014,762	1,753,368	4,566,641	3,953,814
Total net position	\$10,596,003	\$9,629,833	\$8,488,829	\$8,304,332	\$19,084,832	\$17,934,165

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 position:

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 93.28% which is slightly down from last year's collection rate of 94.62%.
- Jones County Administration, including all department heads and employees, has strived to reduce spending to stay in line with reduced revenues.
- Jones County has also begun utilizing an outside collection agency to collect outstanding utility bills.

Jones County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$1,147,386	\$1,220,206	\$1,238,482	\$1,104,060	\$2,385,868	\$2,324,266
Operating grants and contributions	5,183,527	4,088,438			5,183,527	4,088,438
Capital grants and contributions	94,394	56,000		433,094	94,394	489,094
General revenues:						
Property taxes	6,092,933	5,418,929			6,092,933	5,418,929
Other taxes	1,037,430	1,047,054			1,037,430	1,047,054
Grants and contributions not restricted to specific programs	83,363	281,307			83,363	281,307
Other	180,951	883,427	48	383	180,999	883,810
Total revenues	\$13,819,984	\$12,995,361	\$1,238,530	\$1,537,537	\$15,058,514	\$14,532,898
Expenses:						
General government	\$2,013,012	\$3,063,554			\$2,013,012	\$3,063,554
Public safety	3,312,310	3,148,604			3,312,310	3,148,604
Environmental Protection	554,438	575,616			554,438	575,616
Economic and physical development	1,446,472	388,351			1,446,472	388,351
Human services	3,636,896	4,188,123			3,636,896	4,188,123
Cultural and recreation	208,740	252,149			208,740	252,149
Education	1,843,624	1,968,328			1,843,624	1,968,328
Interest on long-term debt	70,991	73,720			70,991	73,720
Water			\$954,033	\$995,983	954,033	995,983
Total expenses	\$13,086,483	\$13,658,445	\$954,033	\$995,983	\$14,040,516	\$14,654,428
Increase in net position before transfers	\$733,501	(\$663,084)	\$284,497	\$541,554	\$1,017,998	(\$121,530)
Special Item - Donated Asset	132,668	(2,556,000)			132,668	(2,556,000)
Transfers	100,000	65,000	(100,000)	(65,000)		
Increase (Decrease) in net position	\$966,169	(\$3,154,084)	\$184,497	\$476,554	\$1,150,666	(\$2,677,530)
Net position, beginning	9,629,834	12,783,917	8,304,332	7,827,778	17,934,166	20,611,695
Net position, ending	\$10,596,003	\$9,629,833	\$8,488,829	\$8,304,332	\$19,084,832	\$17,934,165

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

Governmental Activities. Governmental activities increased the County's net position by \$966,169 compared to a decrease of \$3,154,084 in 2012. Key elements of the increase in 2013 are as follows:

- The Board of County Commissioners has continued to operate the County within a lean and conservative budget.
- Monthly review of the year-to-date expenditures by the Finance Officer and the County Manager have ensured that the County remained within the approved operating budget.
- The prior year decrease included a capital contribution to the Jones County Board of Education in the amount of \$2,556,000 for the construction of the Jones Senior High School gymnasium.

Business-type activities: Business-type activities increased Jones County's net position by \$184,497 compared to an increase of \$476,554 in 2012. Key elements of this decrease in 2013 are as follows:

- The County incurred expenditures for the new Automatic Meter Reading Capital Project Fund, but did not receive any revenue related to this project during the current fiscal year.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$5,978,453, while total fund balance reached \$7,540,995. Of this fund balance available, \$2,110,229 is restricted, \$546,814 is committed, and \$202,381 is assigned, leaving \$3,119,029 unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 25.63% of total General Fund expenditures, while total fund balance represents 61.97% of that same amount. The Governing Body of Jones County has determined that the county should maintain an available fund balance between 18% and 24% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2013, Jones County is within the range established by the Board.

At June 30, 2013, the governmental funds of Jones County reported a combined fund balance of \$7,977,592 compared to \$7,670,988 at June 30, 2012. 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 \$1,346,373.

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 position of the Water Fund at the end of the fiscal year amounted to \$2,014,762. The total growth in net position was \$184,497. Other factors concerning the finances of this fund have already been addressed in the discussion of Jones County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Jones County's capital assets for its governmental and business – type activities as of June 30, 2013, totals \$13,136,560 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The North Carolina Department of Transportation donated the Brock Mill Pond to the County. The land was valued at \$57,466 and the building was valued at \$75,202 for a total of \$132,668.
- Improvements in the amount of \$292,170 were made to the building being leased to Beer Army.

Jones County's Capital Assets
 (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$467,879	\$434,777	\$54,808	\$54,808	\$522,687	\$489,585
Buildings and system	5,129,365	4,885,772	6,707,210	6,926,425	11,836,575	11,812,197
Machinery and equipment	492,549	584,243	38,130	26,528	530,679	610,771
Infrastructure	121,673	124,718			121,673	124,718
Construction in Progress			124,946		124,946	
Total	\$6,211,466	\$6,029,510	\$6,925,094	\$7,007,761	\$13,136,560	\$13,037,271

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	
	2013	2012	2013	2012	2013	2012
Qualified Zone Academy Bonds	\$330,534	\$380,946			\$330,534	\$380,946
Qualified School Construction Bonds	2,166,667	2,333,333			2,166,667	2,333,333
Capitalized Leases	3,565	7,001			3,565	7,001
Installment Purchases	1,854,559	2,052,160	\$478,329	\$484,099	2,332,888	2,536,259
	\$4,355,325	\$4,773,440	\$478,329	\$484,099	\$4,833,654	\$5,257,539

Jones County's total debt decreased by \$423,885 (8.06%) during the past fiscal year, primarily due to no new debt being incurred during the current fiscal year.

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 \$61,470,453. At June 30, 2013, Jones County had general obligations and capitalized leases outstanding of \$4,833,654 that are to be considered within the legal debt margin.

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

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

Economic Factors and Next Year's Budgets and Rates

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

- As of June 30, 2013, the County unemployment rate was 9.1%. This is just below the State average of 9.3%. This is still 4% higher than it was in 2008 prior to the downturn in the economy. With this increased unemployment, there has been an increase in the demand for citizens' needs of our Social Services and Public Health Departments.
- As of June 30, 2013, total building permits issued were 570. This was down from the 657 that were issued as of June 30, 2012. However, total square footage that was permitted increased 46% from 99,099 square feet at June 30, 2012. The total square footage that was permitted at June 30, 2013 was 144,966 square feet.
- Jones County Economic Development is partnering in the development of a new Industrial Park north of Pollocksville on Highway 17. This project will bring 38 new jobs and a total private investment of over \$1.5 million. Over \$2 million in grants have been secured to expand water and sewer to this project. This project was awarded for construction and will be complete in early 2014. However, the private investment/construction has been delayed due to Federal cutbacks.
- Highway 17 improvements have been announced as fully funded. This will be a four lane highway 17 from Onslow County line up to Craven County line. Construction is scheduled for 2015, and right-of-way decisions are underway with property owners along the corridor.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The County's tax rate remained the same at .80.

This was made possible due to lean budget and increased fees for services such as building inspections. Fiscal year 2014 will be the first year Jones County can say its building inspections department has operated independently. It is expected to generate enough fees to cover its expenses without being supplemented by the General Fund.

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. A new tiered rate structure was implemented that would help to promote water conservation. This will also make the water system more eligible for future grants.

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. You can also call (252) 448-7571 or visit our website at www.co.jones.nc.us for more information.

BASIC FINANCIAL STATEMENTS

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$6,828,320	\$1,983,183	\$8,811,503	\$17,077
Receivables (Net)	1,002,556	183,085	1,185,641	
Due From Other Governments	784,592		784,592	
Inventories	1,532	65,167	66,699	134,412
Prepaid Items				2,628
Restricted Cash and Cash Equivalents	322,273	134,833	457,106	
Notes Receivable:				
Due Within One Year	80,702		80,702	
Due in More Than One Year	1,006,929		1,006,929	
Capital Assets:				
Land, Improvements, and Construction in Progress	467,879	179,754	647,633	15,073
Other Capital Assets, Net of Depreciation	5,743,587	6,745,340	12,488,927	17,540
Total Capital Assets	\$6,211,466	\$6,925,094	\$13,136,560	\$32,613
Total Assets	\$16,238,370	\$9,291,362	\$25,529,732	\$186,730
Liabilities:				
Accounts Payable and Accrued Expenses	\$913,476	\$185,524	\$1,099,000	\$56,183
Accrued Interest Payable	17,873		17,873	
Liabilities to be Paid From Restricted Assets		107,490	107,490	
Long-term Liabilities:				
Due within one year	420,606	6,271	426,877	2,000
Due in more than one year	4,254,584	503,248	4,757,832	1,667
Total Long-term Liabilities	\$4,675,190	\$509,519	\$5,184,709	\$3,667
Total Liabilities	\$5,606,539	\$802,533	\$6,409,072	\$59,850
Deferred Inflows of Resources	\$35,828	\$0	\$35,828	\$0
Net Position:				
Net Investment In Capital Assets	\$4,353,342	\$6,446,765	\$10,800,107	\$28,946
Restricted For:				
Register of Deeds	37,061		37,061	
General Government	39,798		39,798	
Environmental Protection	29,206		29,206	
Education	1,723,880		1,723,880	
Stabilization by State Statute	1,580,553		1,580,553	
Human Services	280,284		280,284	
Working Capital				27,236
USDA Loan Payments		27,302	27,302	
Unrestricted	2,551,879	2,014,762	4,566,641	70,698
Total Net Position	\$10,596,003	\$8,488,829	\$19,084,832	\$126,880

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$2,013,012	\$68,074	\$109,924	\$75,000
Public Safety	3,312,310	536,207	106,308	19,394
Environmental Protection	554,438	341,497	139,174	
Economic and Physical Development	1,446,472	59,641	1,181,123	
Human Services	3,636,896	96,893	3,496,698	
Cultural and Recreation	208,740	745	300	
Education	1,843,624	44,329	150,000	
Interest on Long-Term Debt	70,991			
Total Governmental Activities	\$13,086,483	\$1,147,386	\$5,183,527	\$94,394
Business-type Activity:				
Water	\$954,033	\$1,238,482		
Total Business-type Activities	\$954,033	\$1,238,482	\$0	\$0
	\$14,040,516	\$2,385,868	\$5,183,527	\$94,394
Component Units:				
ABC Board	\$920,819	\$914,557		
Total Component Unit	\$920,819	\$914,557	\$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

Special Item - Donated Asset from NCDOT

Transfers

Total General Revenues, and Transfers

Change in Net Position

Net Position, Beginning

NET POSITION, ENDING

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Jones County ABC Board
(\$1,760,014)		(\$1,760,014)	
(2,650,401)		(2,650,401)	
(73,767)		(73,767)	
(205,708)		(205,708)	
(43,305)		(43,305)	
(207,695)		(207,695)	
(1,649,295)		(1,649,295)	
(70,991)		(70,991)	
(\$6,661,176)	\$0	(\$6,661,176)	
	\$284,449	\$284,449	
\$0	\$284,449	\$284,449	
(\$6,661,176)	\$284,449	(\$6,376,727)	
			(\$6,262)
			(\$6,262)
\$6,092,933		\$6,092,933	
987,590		987,590	
49,840		49,840	
83,363		83,363	
54,895	\$48	54,943	\$10
126,056		126,056	
7,394,677	48	7,394,725	10
132,668		132,668	
100,000	(100,000)		
\$7,627,345	(\$99,952)	\$7,527,393	\$10
\$966,169	\$184,497	\$1,150,666	(\$6,252)
9,629,834	8,304,332	17,934,166	133,132
\$10,596,003	\$8,488,829	\$19,084,832	\$126,880

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

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Major <u>General</u>	Major Community Development Block Grant	Non-Major Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$6,486,057		\$342,263	\$6,828,320
Restricted Cash	106,118	\$141,204	74,951	322,273
Receivables, Net	923,815			923,815
Due From Other Governments	566,527	198,522	19,543	784,592
Due From Other Funds	4,305			4,305
Current Portion-Notes Receivable	80,702			80,702
Inventories	1,532			1,532
Notes Receivable	1,006,929			1,006,929
TOTAL ASSETS	\$9,175,985	\$339,726	\$436,757	\$9,952,468
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable and Accrued Liabilities	\$577,895	\$335,421	\$160	\$913,476
Due to Other Funds		4,305		4,305
Total Liabilities	\$577,895	\$339,726	\$160	\$917,781
DEFERRED INFLOWS OF RESOURCES				
	\$1,057,095	\$0	\$0	\$1,057,095
<i>Fund Balances:</i>				
<i>Nonspendable:</i>				
Inventories	\$1,532			\$1,532
<i>Restricted:</i>				
Stabilization by State Statute	1,561,010		\$19,543	1,580,553
Register of Deeds	37,061			37,061
Health Department	280,284			280,284
Facility Fees	39,798			39,798
White Goods	29,206			29,206
School Capital	1,723,880			1,723,880
<i>Committed:</i>				
Economic Development	546,814			546,814
Tax Revaluation			74,951	74,951
Emergency Telephone System			342,103	342,103
<i>Assigned:</i>				
Long-Term Screening	137,584			137,584
Civic Center	64,797			64,797
Unassigned	3,119,029			3,119,029
Total Fund Balances	\$7,540,995	\$0	\$436,597	\$7,977,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	\$9,175,985	\$339,726	\$436,757	

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

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

Total Fund Balance, Governmental Funds	\$7,977,592
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,211,466
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	78,741
Deferred inflows of resources for taxes and special assessments receivable	1,021,267
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(4,693,063)
Net Position of Governmental Activities	<u>\$10,596,003</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
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2013

	Major <u>General</u>	Major Community Development Block Grant	Non-Major Other Governmental Funds	Total Governmental Funds
REVENUES:				
Ad Valorem Taxes	\$6,081,419			\$6,081,419
Local Option Sales Taxes	987,590			987,590
Other Taxes and Licenses	49,840			49,840
Unrestricted Intergovernmental	83,363			83,363
Restricted Intergovernmental	3,838,941	\$1,181,122	\$159,028	5,179,091
Permits and Fees	238,728			238,728
Sales and Services	758,455			758,455
Investment Earnings	54,895			54,895
Miscellaneous	353,443			353,443
TOTAL REVENUES	\$12,446,674	\$1,181,122	\$159,028	\$13,786,824
EXPENDITURES:				
<i>Current:</i>				
General Government	\$1,828,577		\$100,800	\$1,929,377
Public Safety	3,154,050		71,210	3,225,260
Environmental Protection	507,298		42,000	549,298
Economic and Physical Development	551,819	\$1,196,790		1,748,609
Human Services	3,608,148			3,608,148
Cultural and Recreational	165,856			165,856
Miscellaneous-County	19,503			19,503
<i>Intergovernmental:</i>				
Education	1,843,624			1,843,624
<i>Debt Service:</i>				
Principal	418,117			418,117
Interest	72,429			72,429
Total Expenditures	\$12,169,421	\$1,196,790	\$214,010	\$13,580,221
Excess (Deficiency) of Revenues Over Expenditures	\$277,253	(\$15,668)	(\$54,982)	\$206,603
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	\$100,000	\$15,668	\$25,226	\$140,894
Transfers to Other Funds	(40,893)			(40,893)
Total Other Financing Sources (Uses)	\$59,107	\$15,668	\$25,226	\$100,001
Net Change in Fund Balance	\$336,360	\$0	(\$29,756)	\$306,604
<i>Fund Balances, Beginning</i>	7,204,635		466,353	7,670,988
FUND BALANCES, ENDING	\$7,540,995	\$0	\$436,597	\$7,977,592

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, 2013

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

Net changes in fund balances - total governmental funds	\$306,604
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.	212,311
Net book value of assets sold	(30,355)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	63,515
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	418,116
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.	(4,022)
Total Changes in Net Position of Governmental Activities	<u>\$966,169</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$5,866,795	\$5,866,795	\$6,081,419	\$214,624
Local Option Sales Tax	900,000	900,000	987,590	87,590
Other Taxes and Licenses	68,000	68,000	49,840	(18,160)
Unrestricted Intergovernmental	105,000	105,000	83,363	(21,637)
Restricted Intergovernmental	3,331,355	4,050,647	3,838,941	(211,706)
Permits and Fees	180,750	209,668	238,728	29,060
Sales and Services	702,500	709,900	758,455	48,555
Investment Earnings	50,000	50,000	54,895	4,895
Miscellaneous	316,562	398,562	353,443	(45,119)
Total Revenues	\$11,520,962	\$12,358,572	\$12,446,674	\$88,102
Expenditures:				
<i>Current:</i>				
General Government	\$1,775,791	\$1,995,641	\$1,828,577	\$167,064
Public Safety	2,961,154	3,423,996	3,154,050	269,946
Environmental Protection	503,280	545,640	507,298	38,342
Economic and Physical Development	254,756	709,141	551,819	157,322
Human Services	4,055,488	4,200,592	3,608,148	592,444
Cultural and Recreational	182,201	198,666	165,856	32,810
Miscellaneous-County	134,150	134,517	19,503	115,014
<i>Intergovernmental:</i>				
Education	1,906,739	1,911,739	1,843,624	68,115
<i>Debt Service:</i>				
Principal Retirement	418,117	418,117	418,117	
Interest	92,937	92,937	72,429	20,508
Total Expenditures	\$12,284,613	\$13,630,986	\$12,169,421	\$1,461,565
Revenues Over (Under) Expenditures	(\$763,651)	(\$1,272,414)	\$277,253	\$1,549,667
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$100,000	\$74,774	\$59,107	(\$15,667)
Appropriated Fund Balance	663,651	1,197,640		(1,197,640)
Total Other Financing Sources (Uses)	\$763,651	\$1,272,414	\$59,107	(\$1,213,307)
Net Change in Fund Balance	\$0	\$0	\$336,360	\$336,360
Fund Balances:				
Beginning of Year, July 1			7,204,635	
End of Year, June 30			\$7,540,995	

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2013

	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,983,183
Receivables, Net	183,085
Inventories	65,167
Total Current Assets	\$2,231,435
<i>Noncurrent Assets:</i>	
Restricted Cash and Cash Equivalents	\$134,833
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	179,754
Other Capital Assets, Net of Depreciation	6,745,340
Total Capital Assets	\$6,925,094
TOTAL ASSETS	\$9,291,362
<u>LIABILITIES</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$185,524
Current Portion of Installment Obligation Payable	6,271
Total Current Liabilities	\$191,795
<i>Noncurrent Liabilities:</i>	
<i>Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	\$107,490
Compensated Absences	31,190
Installment Obligation Payable	472,058
Total Noncurrent Liabilities	\$610,738
TOTAL LIABILITIES	\$802,533
<i>Net Position:</i>	
Net Investment In Capital Assets	\$6,446,765
Restricted	27,302
Unrestricted	2,014,762
Total Net Position	\$8,488,829

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 POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2013

	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$1,164,829
Water Tap Fees	38,000
Reconnect Fees	26,200
Other Operating Revenues	9,453
Total Operating Revenues	\$1,238,482
OPERATING EXPENSES:	
Administration	\$214,586
Raw Water Supply Maintenance	480,628
Depreciation	237,640
Total Operating Expenses	\$932,854
Operating Income	\$305,628
NONOPERATING REVENUES (EXPENSES)	
Interest Earned on Investment	\$48
Interest on Long-Term Debt	(21,179)
Total Nonoperating Revenues	(\$21,131)
Income (Loss) Before Contributions and Transfers	\$284,497
Transfers From (To) From Other Funds	(100,000)
Change in Net Position	\$184,497
Total Net Position, Beginning	8,304,332
Total Net Position, Ending	\$8,488,829

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, 2013

	Major Fund
	Water
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>	
Cash Received From Customers	\$1,196,642
Cash Paid for Goods and Services	(254,983)
Cash Paid to Employees for Services	(302,059)
Customer Deposits Received	26,051
Customer Deposits Returned	(13,900)
Other Operating Revenues	9,453
Net Cash Provided (Used) by Operating Activities	\$661,204
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>	
Transfers In (Out)	(\$100,000)
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>	
Acquisition and Construction of Capital Assets	(\$154,974)
Principal Paid on Indebtedness	(5,771)
Interest Paid on Indebtedness	(21,179)
Net Cash Used by Capital and Related Financing Activities	(\$181,924)
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Interest on Investments	\$48
Net Increase (Decrease) in Cash and Cash Equivalents	\$379,328
Cash and Cash Equivalents, July 1	1,738,688
Cash and Cash Equivalents, June 30	\$2,118,016
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	\$305,628
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$237,640
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	(32,387)
Decrease (Increase) in Notes Receivable	1,298
Decrease (Increase) in Inventory	(9,687)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	143,689
Increase (Decrease) in Customer Deposits	12,151
Increase (Decrease) in Accrued Vacation Payable	2,872
Total Adjustments	\$355,576
Net Cash Provided by (Used by) Operating Activities	\$661,204

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2013

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$121,250
Accounts Receivable	8,216
Total Assets	<u>\$129,466</u>
<u>Liabilities and Net Position</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	<u>\$129,466</u>
Total Liabilities	<u>\$129,466</u>
<i>Net Position:</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, 2013

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 position and the statement of activities display information about the primary government net position (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, 2013

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

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

The County reports the following major governmental funds:

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

Community Development Block Grant Fund (CDBG) – This fund is used to account for receipt of CDBG funds and matching expenditures for various CDBG projects in the County.

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, the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office, and the Animal Cruelty Fund, which accounts for the moneys collected and dispersed by the Animal Control department.

Nonmajor Funds – The County maintains three legally budgeted funds. The Property Revaluation Fund, the Emergency Telephone System Fund, and the Emergency Watershed Fund are reported as nonmajor special revenue funds.

Measurement Focus, Basis of Accounting

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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.

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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 position 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.

C. BUDGETARY DATA

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation, Emergency Telephone System, and Emergency Watershed 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 and the Enterprise Capital Project Fund, which are consolidated with the enterprise operating funds for reporting purposes.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$1,346,373 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, DEFERRED INFLOWS AND OUTFLOWS, 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 two loan agreements 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 two certificates of deposit at Branch Bank and Trust Company. The total amount of the cash restrictions, by the terms of the loan agreements, was \$106,036 at June 30, 2013. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. These deposits amounted to \$134,915 at June 30, 2013. Money in the Tax Revaluation Fund in the amount of \$74,951 is classified as restricted cash because its use is restricted per North Carolina General Statute 153A-150. Money in the Community Development Block Grant Fund in the amount of \$141,204 is classified as restricted cash because the County requisitioned grant funds on duplicate expenditures. This money must be paid back to the grantor, therefore its use is restricted. Total restricted cash at June 30, 2013 amounted to \$457,106.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

6. Allowances for Doubtful Accounts

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

7. Inventories and Prepaid Items

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

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

8. Capital Assets

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

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

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

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

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County does not have any items that meet this criterion as of June 30, 2013. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category – prepaid taxes and prepaid rent.

10. 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 position.

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

11. 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.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

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

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

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

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

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

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

Committed for Emergency Telephone System – Portion of fund balance that can only be used for Emergency Telephone System.

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

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

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

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

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

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

E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2,618,411 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$11,955,053
Less Accumulated Depreciation	(5,743,587)
Net Capital Assets	\$6,211,466
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	78,741
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,021,267
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	(4,355,323)
Compensated absences	(282,699)
Accrued interest payable	(17,873)
Net pension obligation	(37,168)
Total Adjustment	\$2,618,411

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$659,565 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$550,125
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	(337,814)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	418,116
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	1,735
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(7,195)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	1,438
Net book value of assets sold	(30,355)
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 inflows of resources - taxes receivable - 7/01/12	(644,751)
Recording of deferred inflows of resources - taxes receivable - at 6/30/13	664,271
Decrease in accrued taxes receivable for year ended 6/30/13	(8,007)
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	52,002
Total Adjustment	\$659,565

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 POSITION OF INDIVIDUAL FUNDS

The Automatic Meter Reading Enterprise Capital Project Fund has a deficit fund balance of (\$124,946) as of June 30, 2013 due to timing of loan draws in relation to project expenditures. Loan draws usually come in after expenditures have been incurred. The County does not anticipate having a deficit fund balance in this fund at the completion of the project.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

None noted.

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JONES COUNTY, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013

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, 2013, the County's deposits had a carrying amount of \$810,733 and a bank balance of \$1,073,832. Of the bank balance, \$395,283 was covered by federal depository insurance and \$678,549 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2013, Jones County had \$1,200 cash on hand.

At June 30, 2013, the carrying amount of deposits for Jones County ABC Board was \$15,577 and the bank balance was \$38,072. All of the bank balance was covered by federal depository insurance. At June 30, 2013, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2013, the County's investment balances were as follows:

	Fair Value
NC Capital Management Trust - Cash Portfolio	\$8,577,926
Total Investments	\$8,577,926

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, 2013. The County has no policy on credit risk.

At June 30, 2013, the ABC Board had no investments.

JONES COUNTY, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013

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>
2012	\$708,703	\$40,750	\$749,453
2011	651,162	96,046	747,208
2010	605,224	143,741	748,965
2009	600,378	196,624	797,002
Total	\$2,565,467	\$477,161	\$3,042,628

4. Receivables

Receivables at the government-wide level at June 30, 2013, 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	\$305,644	\$764,012	\$566,527	\$1,636,183
Other Governmental			218,065	218,065
Total Receivables	\$305,644	\$764,012	\$784,592	\$1,854,248
Allowance for Doubtful Accounts	(46,100)	(21,000)		(67,100)
Total Governmental Activities	\$259,544	\$743,012	\$784,592	\$1,787,148
<i>Business-type Activities:</i>				
Water	\$239,585			\$239,585
Total Receivables	\$239,585	\$0	\$0	\$239,585
Allowance for Doubtful Accounts	(56,500)			(56,500)
Total Business-type Activities	\$183,085	\$0	\$0	\$183,085

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

Various Human Services Revenues	\$332,976
Local option sales tax	165,674
Sales tax	67,667
PSAP Revenue	19,543
Solid Waste	960
Scrap Tire	3,414
NC Dept of Commerce - CDBG	142
Rural Center - EIP	194,216
Total Governmental Activities	\$784,592

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 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 second 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 balloon payment was not made and the borrower continued to make monthly payments. This loan was paid off in full on December 21, 2012.

The third 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. Interest only payments were accepted beginning June 2012 and ended January 2013.

The fourth 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. This note receivable is recorded in the Water Fund. This loan was paid in full on July 23, 2012.

The fifth loan is related to an Economic Incentive Agreement with Technical Controls Consultants, LLC (TC2) and further with Helmick Properties, LLC which owns the TC2 site. The County is currently receiving Community Development Block Grant Funds to cover expenditures related to the TC2 project. On September 8, 2012, the County escrowed a contingency of \$121,250 to SoundBank for the benefit of Helmick in accordance with Helmick's loan commitment from SoundBank dated September 16, 2011. If any of these funds are drawn upon to complete the project, then Helmick will be required to start paying principal and interest on these funds at a rate of ½% below BB&T prime for a term of five years, payable monthly, beginning thirty days after the funds are drawn upon. The remaining escrow funds, if any, will be returned to the County. No funds have been drawn upon as of June 30, 2013.

The following summarizes the expected collection on these notes:

Principal Amounts Due for the Year Ended June 30:	SRS	DEFENSE HOLDINGS, INC.	HELMICK PROPERTIES LLC	TOTAL
2014	\$15,701	\$65,001		\$80,702
2015	4,174	74,243		78,417
2016		77,886		77,886
2017		81,708		81,708
2018		85,718		85,718
2019-2023		495,963		495,963
2024-2028		65,987		65,987
Thereafter			\$121,250	121,250
	\$19,875	\$946,506	\$121,250	\$1,087,631

JONES COUNTY, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
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5. **Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$434,777	\$57,466	\$24,364	\$467,879
Total Capital Assets Not Being Depreciated	\$434,777	\$57,466	\$24,364	\$467,879
Capital Assets Being Depreciated:				
Buildings	\$6,744,730	\$411,001		\$7,155,731
Infrastructure	152,235			152,235
Equipment	1,648,156	81,658	\$69,928	1,659,886
Total Capital Assets Being Depreciated	\$8,545,121	\$492,659	\$69,928	\$8,967,852
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,858,958	\$167,408		\$2,026,366
Infrastructure	27,517	3,045		30,562
Equipment	1,063,913	167,361	\$63,937	1,167,337
Total Accumulated Depreciation	\$2,950,388	\$337,814	\$63,937	\$3,224,265
Total Capital Assets Being Depreciated, Net	\$5,594,733			\$5,743,587
Governmental Activity Capital Assets, Net	\$6,029,510			\$6,211,466

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

General Government	\$103,074
Public Safety	117,559
Environmental Protection	4,113
Economic and Physical Development	33,662
Human Services	35,188
Cultural and Recreational	44,218
Total Depreciation Expense	\$337,814

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

5. Capital Assets (continued)

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Business-type Activity:				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$54,808			\$54,808
Construction in Progress		\$124,946		124,946
<i>Total Capital Assets Not Being Depreciated</i>	<u>\$54,808</u>	<u>\$124,946</u>	<u>\$0</u>	<u>\$179,754</u>
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$10,987,407	\$8,801		\$10,996,208
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	303,152	21,227		324,379
Total Assets Being Depreciated	<u>\$11,342,934</u>	<u>\$30,028</u>	<u>\$0</u>	<u>\$11,372,962</u>
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$4,060,982	\$228,016		\$4,288,998
Machinery and Equipment	52,377			52,377
Vehicles and Construction Equipment	276,622	9,625		286,247
Total Accumulated Depreciation	<u>\$4,389,981</u>	<u>\$237,641</u>	<u>\$0</u>	<u>\$4,627,622</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>\$6,952,953</u>			<u>\$6,745,340</u>
Business-type Activity Capital Assets, Net	<u>\$7,007,761</u>			<u>\$6,925,094</u>

Construction Commitments

The government has an active construction project as of June 30, 2013. The project is the Automatic Meter Reading Enterprise Capital Project. At June 30, 2013, the government's commitment with contractors is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Automatic Meter Reading	\$124,946	\$1,905,054
	<u>\$124,946</u>	<u>\$1,905,054</u>

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2013 was as follows:

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>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	81,354			81,354
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$178,695	\$0	\$0	\$178,695
Less Accumulated Depreciation For:				
Buildings	\$72,062	\$1,354		\$73,416
Furniture/Equipment	69,970	2,167		72,137
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$157,634	\$3,521	\$0	\$161,155
<i>Total Capital Assets Being Depreciated, Net</i>	\$21,061			\$17,540
Business-type Activity Capital Assets, Net	\$36,134			\$32,613

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$529,643	\$48,252	\$17,873	\$595,768
Other Governmental	335,581			335,581
Total Governmental Activities	\$865,224	\$48,252	\$17,873	\$931,349
Business-type Activities:				
Water Fund	\$181,455	\$4,069		\$185,524
Total Business-type Activities	\$181,455	\$4,069	\$0	\$185,524

The amount of \$529,643 which comprises the General Fund Vendors payables includes \$259,144 due to the N.C. Department of Corrections for medical services for Safekeeper Services. In accordance with a contract dated July 14, 2011, the County will pay 2,613 payments of \$100 at monthly intervals until the balance is paid in full. The amount of \$335,581 which comprises the Other Governmental Fund Vendors payables includes \$141,204 which is the amount of 2011 NC Industrial Development Fund Grant funds received in error and will be remitted back to the grantor.

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JONES COUNTY, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013

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 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% 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, 2013, 2012, and 2011 were \$258,915, \$261,853, and \$243,801, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$6,689, \$6,952, and \$6,315, 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, 2012, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	16
Total	16

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, 2013

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, 2012 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 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post retirement benefit increases. The remaining amortization period at December 31, 2012 was 18 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	\$7,561
Interest on Net Pension Obligation	1,499
Adjustment to Annual Required Contribution	<u>(1,865)</u>
Annual Pension Cost	\$7,195
Contributions Made	<u>0</u>
Increase (Decrease) in Net Pension Obligation	\$7,195
Net Pension Obligation - Beginning of Year	29,973
Net Pension Obligation - End of Year	<u>\$37,168</u>

3 YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	6,583	0%	20,720
June 30, 2012	9,253	0%	29,973
June 30, 2013	7,195	0%	37,168

4. Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$26,706 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,706. The covered payroll (annual payroll of active employees covered by the plan) was \$517,493, and the ratio of the UAAL to the covered payroll was 5.16 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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, 2013 were \$69,135, which consisted of \$36,651 from the County and \$32,484 from the law enforcement officers.

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

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$825.

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, 2013

3. Deferred Outflows and Inflows of Resources

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

	Unavailable Revenue	Unearned Revenue
Prepaid Property Taxes Not Yet Earned (General)		\$34,328
Prepaid Rent (General)		1,500
Taxes Receivable, Net (General), less penalties	\$664,271	
EMS Receivables, Net	68,240	
Other Receivables Not Available at Year End	288,756	
Total	\$1,021,267	\$35,828

The County does not have any deferred outflows of resources at June 30, 2013. The above shows deferred inflows of resources only.

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, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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.

5. Contingent Liabilities

At June 30, 2013, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

6. 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, 2013 balance was \$1,361,198.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$20,759	\$57,871	\$78,630
2015	21,642	56,988	78,630
2016	22,561	56,069	78,630
2017	23,520	55,110	78,630
2018	24,520	54,110	78,630
2019-2023	139,144	254,006	393,150
2024-2028	171,335	221,815	393,150
2029-2033	210,973	182,177	393,150
2034-2038	259,782	133,368	393,150
2039-2043	319,880	73,270	393,150
2044-2048	147,082	9,467	156,549
	\$1,361,198	\$1,154,251	\$2,515,449

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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, 2013 balance was \$176,014.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$16,678	\$7,260	\$23,938
2015	17,366	6,572	23,938
2016	18,082	5,856	23,938
2017	18,828	5,110	23,938
2018	19,604	4,334	23,938
2019-2023	85,456	8,908	94,364
	\$176,014	\$38,040	\$214,054

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, 2013 balance was \$210,893.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$81,071		\$81,071
2015	81,071		81,071
2016	32,500		32,500
2017	16,251		16,251
	\$210,893	\$0	\$210,893

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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, 2013 balance was \$478,329.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$6,271	\$20,679	\$26,950
2015	6,545	20,405	26,950
2016	6,832	20,118	26,950
2017	7,130	19,820	26,950
2018	7,442	19,508	26,950
2019-2023	42,391	92,359	134,750
2024-2028	52,512	82,238	134,750
2029-2033	65,048	69,702	134,750
2034-2038	80,578	54,172	134,750
2039-2043	99,815	34,935	134,750
2044-2048	103,765	11,104	114,869
	\$478,329	\$445,040	\$923,369

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, 2013 balance was \$75,000.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$50,000		\$50,000
2015	25,000		25,000
	\$75,000	\$0	\$75,000

6. On July 28, 2010, the County entered into a financing agreement with Branch Banking and Trust Company for the purchase of an ambulance. The obligation calls for three consecutive annual payments of \$32,350 beginning on July 28, 2011 and carried an interest rate of 2.85%. The June 30, 2013 balance was \$31,454.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$31,454	\$896	\$32,350
	\$31,454	\$896	\$32,350

JONES COUNTY, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013

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, 2013, the County leased equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$28,470	\$26,572	\$1,898

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30</u>	
2014	\$3,698
Total minimum lease payments	\$3,698
Less: Amount representing interest	133
Present value of the minimum lease payments	\$3,565

c. **General Obligation Indebtedness**

1. Qualified Zone Academy bonds (QZAB) issued on August 22, 2002 under Internal Revenue Code Section 1397E; due serially to 2019 with no interest; collateralized by real estate, including a school building. The June 30, 2013 balance was \$330,534.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$50,412		\$50,412
2015	50,412		50,412
2016	50,412		50,412
2017	50,412		50,412
2018	50,412		50,412
2019-2023	78,474		78,474
	\$330,534	\$0	\$330,534

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

2. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with no interest; collateralized by real estate, including a school gymnasium. The June 30, 2013 balance was \$1,906,667.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$146,667		\$146,667
2015	146,667		146,667
2016	146,667		146,667
2017	146,667		146,667
2018	146,667		146,667
2019-2023	733,335		733,335
2024-2028	439,997		439,997
	\$1,906,667	\$0	\$1,906,667

3. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with interest at 1.35%; collateralized by real estate, including a school gymnasium. The June 30, 2013 balance was \$260,000.

During the Year Ending June 30,	Principal	Interest	Total
2014	\$20,000	\$3,510	\$23,510
2015	20,000	3,240	23,240
2016	20,000	2,970	22,970
2017	20,000	2,700	22,700
2018	20,000	2,430	22,430
2019-2023	100,000	8,100	108,100
2024-2028	60,000	1,620	61,620
	\$260,000	\$24,570	\$284,570

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$1,858,124 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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, 2013:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$7,001		\$3,436	\$3,565	\$3,565
USDA Loan	1,381,130		19,932	1,361,198	20,759
Qualified Zone Academy Bonds	380,946		50,412	330,534	50,412
Eastern Region Loan	192,031		16,017	176,014	16,678
Jones-Onslow EMC Loan	291,964		81,071	210,893	81,071
Lenoir Community College	125,000		50,000	75,000	50,000
Installment Purchase	62,035		30,581	31,454	31,454
Qualified School Construction Bonds	2,333,333		166,666	2,166,667	166,667
Net Pension Obligation	29,973	\$7,195		37,168	
Compensated Absences	284,434	178,234	179,969	282,699	
Total Governmental Activities	\$5,087,847	\$185,429	\$598,084	\$4,675,192	\$420,606
Business-type Activity:					
USDA Loan	\$484,099		\$5,770	\$478,329	\$6,271
Compensated Absences	28,318	\$15,306	12,434	31,190	
Total	\$512,417	\$15,306	\$18,204	\$509,519	\$6,271

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.

C. INTERFUND BALANCES AND ACTIVITY

There are no interfund balances at June 30, 2013 for the County.

Transfers to/from other funds for the year ended June 30, 2013 were made to supplement other funding sources and consist of the following:

	TRANSFERS	
	FROM	TO
Operating Transfers From / To Other Funds		
General Fund:		
Special Revenue Fund		\$25,226
CDBG Fund - Local County Contribution (General Fund)		11,560
Enterprise Fund	\$100,000	
Special Revenue Fund:		
General Fund	25,226	
General Fund - Local County Contribution (CDBG)	11,560	
Enterprise Fund:		
General Fund		100,000
Total Operating Transfers	\$136,786	\$136,786

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

IV. FUND BALANCE

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

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

Total Fund Balance - General Fund	\$7,540,995
Less:	
Inventories	1,532
Stabilization by State Statute	1,561,010
Register of Deeds	37,061
Health Department	280,284
Facility Fees	39,798
White Goods	29,206
Schools	1,723,880
Economic Development	546,814
Long-Term Screening	137,584
Civic Center	64,797
Working Capital/Fund Balance Policy	<u>3,119,029</u>
 Remaining Fund Balance	 <u><u>\$0</u></u>

Jones County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is maintained between 18% and 24% of budgeted expenditures.

V. JOINT VENTURES

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$86,273 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 \$69,151 and \$0 to the community college for operating and capital purposes,

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

respectively, during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$23,868 for the operation of the Center during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health's administrative offices at 405 Middle Street, City of New Bern, NC 28563.

VI. JOINTLY GOVERNED ORGANIZATIONS

Eastern Carolina Housing Authority

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

Global TransPark Development Commission

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

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

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds is nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2013, the portion of the trust available to be loaned exclusively to Jones County was \$575,221.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

VII. BENEFIT PAYMENTS ISSUED BY THE STATE

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

	Federal	State
Medicaid	\$9,924,619	\$5,603,691
Supplemental Nutrition Assistance Program	3,431,687	
Temporary Assistance For Needy Families	48,753	
WIC	142,117	
Supplemental Assistance		73,172
Energy Assistance	32,542	
Foster Care	12,583	
Adoption Assistance	4,722	202
NC Health Choice	24,250	562
Total	\$13,621,273	\$5,677,627

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

LOAN COMMITMENT

The County has been approved for a loan in the amount of \$2,015,000 from the Drinking Water State Revolving Loan Fund for the Automatic Meter Reading Capital Project. At June 30, 2013, no funds had been drawn from this loan.

IX. CHANGE IN ACCOUNTING PRINCIPLES

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows or Resources and Net Position.

X. SPECIAL ITEM – DONATED ASSET

The North Carolina Department of Transportation donated the Brock Mill Pond to the County. This item is reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management. The land was valued at \$57,466 and the building was valued at \$75,202 for a total value of \$132,668.

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, 2013

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%
12/31/10	0	26,908	26,908	0.00%	600,217	4.48%
12/31/11	0	19,264	19,264	0.00%	477,085	4.04%
12/31/12	0	26,706	26,706	0.00%	517,493	5.16%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2013

Year Ending June 30	Annual Required Contributions	Percentage Contributed
1998	\$4,824	177%
1999	4,275	200%
2000	3,557	293%
2001	4,166	148%
2002	3,389	69%
2003	4,003	0%
2004	6,076	0%
2005	5,375	0%
2006	4,855	0%
2007	3,464	0%
2008	3,879	0%
2009	2,081	0%
2010	4,149	0%
2011	6,583	0%
2012	9,253	0%
2013	7,195	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	12/31/12
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	18 Years
Asset Valuation Method	Market Value
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	5.00%
Projected Salary Increases	4.25% to 7.85%
Includes Inflation At	3.00%
Cost-of-Living Adjustments	N/A

SUPPLEMENTARY INFORMATION
Combining and Individual Fund Financial Statements and Schedules

JONES COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$5,805,895	\$5,988,712	\$182,817
Penalties and Interest	60,900	92,707	31,807
Total Ad Valorem Taxes	\$5,866,795	\$6,081,419	\$214,624
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$900,000	\$987,590	\$87,590
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$42,000	\$28,944	(\$13,056)
Scrap Tire Disposal Tax	20,000	14,334	(5,666)
Solid Waste Disposal Tax	6,000	6,562	562
Total Other Taxes and Licenses	\$68,000	\$49,840	(\$18,160)
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$85,000	\$48,310	(\$36,690)
Beer & Wine Tax	20,000	35,053	15,053
Total Unrestricted Intergovernmental Revenue	\$105,000	\$83,363	(\$21,637)
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$3,582,988	\$3,366,293	(\$216,695)
Health Medicaid Cost Study	68,000	68,753	753
Court Facilities Fees	30,000	31,484	1,484
ABC - 5 cent Bottle Tax	3,000	3,297	297
ABC - 1 cent Bottle Tax	600	265	(335)
Juvenile Justice and Delinquency	83,190	86,595	3,405
Veterans Commission	1,400	1,452	52
Child Abuse	150	250	100
Domestic Violence	1,250	1,500	250
National Forest Receipts/Schools	47,000	46,631	(369)
HAVA - Election Voting Machines	4,800	4,839	39
Lottery Funds	150,000	150,000	
DWI/Safe Roads Act	1,200	1,313	113
Emergency Management	30,000	35,503	5,503
Soil Conservation	47,069	40,766	(6,303)
Total Restricted Intergovernmental Revenue	\$4,050,647	\$3,838,941	(\$211,706)

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine	\$415	\$415	
Concealed/Handgun Permits	\$21,000	18,303	(\$2,697)
Building and Other Permits and Fees	130,253	164,257	34,004
Register of Deeds	50,000	47,559	(2,441)
Marriage Licenses	1,000	1,250	250
Franchise - Cable TV	7,000	6,944	(56)
Total Permits & Fees	\$209,668	\$238,728	\$29,060
Sales and Services:			
Jail and Officer Fees	\$31,000	\$33,274	\$2,274
EMS Fees	305,500	369,094	63,594
Town Tax Billings & Collection	16,600	14,316	(2,284)
Vending Machines	300	274	(26)
Solid Waste/Recycling	25,000	16,765	(8,235)
Curbside Service	331,500	324,732	(6,768)
Total Sales & Services	\$709,900	\$758,455	\$48,555
Total Investment Earnings	\$50,000	\$54,895	\$4,895
Other Revenues:			
Rent - Economic Development	\$59,050	\$59,641	\$591
Civic Center Rent	35,000	24,222	(10,778)
FSA Rent	4,480	4,480	
Insurance Proceeds	50,000	46,647	(3,353)
Goshen Medical Clinic	30,000	30,000	
Sale of Fixed Assets	100,000	100,173	173
Other	120,032	88,280	(31,752)
Total Other Revenues	\$398,562	\$353,443	(\$45,119)
TOTAL REVENUES	\$12,358,572	\$12,446,674	\$88,102

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$58,425	\$57,666	\$759
Operating Expenses	46,100	38,001	8,099
Insurance Other Than Property	252,024	239,815	12,209
Total	\$356,549	\$335,482	\$21,067
Elections:			
Salaries & Employee Benefits	\$81,042	\$76,664	\$4,378
Operating Expenses	40,550	29,804	10,746
Total	\$121,592	\$106,468	\$15,124
Finance:			
Salaries & Employee Benefits	\$175,777	\$174,814	\$963
Operating Expenses	59,000	46,449	12,551
Total	\$234,777	\$221,263	\$13,514
Taxes:			
Salaries & Employee Benefits	\$198,021	\$201,647	(\$3,626)
Operating Expenses	124,876	117,497	7,379
Total	\$322,897	\$319,144	\$3,753
Legal:			
Contracted Services	\$55,500	\$42,665	\$12,835
Jury Commission:			
Salaries & Employee Benefits	\$270		\$270
Operating Expenses	1,597	\$1,432	165
Total	\$1,867	\$1,432	\$435
Register of Deeds:			
Salaries & Employee Benefits	\$85,424	\$84,879	\$545
Operating Expenses	56,225	39,882	16,343
Total	\$141,649	\$124,761	\$16,888
Public Buildings:			
Salaries & Employee Benefits	\$84,525	\$72,531	\$11,994
Operating Expenses	183,690	161,140	22,550
Building Improvement	83,000	71,542	11,458
Capital	66,080	64,449	1,631
Total	\$417,295	\$369,662	\$47,633

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Salaries & Employee Benefits	\$20,910	\$17,262	\$3,648
Operating Expenses	45,320	21,973	23,347
	\$66,230	\$39,235	\$26,995
Administration:			
Salaries & Employee Benefits	\$146,693	\$147,300	(\$607)
Operating Expenses	41,592	32,372	9,220
Total	\$188,285	\$179,672	\$8,613
Computer:			
Operating Expenses	\$89,000	\$88,793	\$207
TOTAL GENERAL GOVERNMENT	\$1,995,641	\$1,828,577	\$167,064
Public Safety:			
Sheriff's Department:			
Salaries & Employee Benefits	\$799,622	\$746,913	\$52,709
Operating Expenses	320,770	296,738	24,032
Capital	23,832	23,832	
Total	\$1,144,224	\$1,067,483	\$76,741
County Jail:			
Salaries & Employee Benefits	\$373,925	\$397,674	(\$23,749)
Operating Expenses	516,750	385,991	130,759
Total	\$890,675	\$783,665	\$107,010
Inspections:			
Salaries & Employee Benefits	\$64,550	\$61,475	\$3,075
Operating Expenses	21,200	15,594	5,606
Total	\$85,750	\$77,069	\$8,681
Emergency Management:			
Salaries & Employee Benefits	\$47,954	\$47,675	\$279
Operating Expenses	\$13,900	10,179	3,721
Capital	18,000	14,545	3,455
Total	\$79,854	\$72,399	\$7,455
Emergency Services:			
Salaries & Employee Benefits	\$379,460	\$384,636	(\$5,176)
Operating Expenses	334,858	290,571	44,287
Aid to Local Fire Department	56,295	56,295	
Aid to Local Rescue Squads	43,410	43,410	
Total	\$814,023	\$774,912	\$39,111

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Communication System:			
Salaries & Employee Benefits	\$8,074	\$6,115	\$1,959
Operating Expenses	387,090	367,025	20,065
Total	\$395,164	\$373,140	\$22,024
Medical Examiner:			
Professional Services	\$6,000	\$1,600	\$4,400
Rabies Control:			
Salaries & Employee Benefits	\$4,306	\$2,612	\$1,694
Operating Expenses	4,000	1,170	2,830
Total	\$8,306	\$3,782	\$4,524
TOTAL PUBLIC SAFETY	\$3,423,996	\$3,154,050	\$269,946
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$44,610	\$43,419	\$1,191
Operating Expenses	262,206	248,357	13,849
Contracted Services	74,400	54,764	19,636
Total	\$381,216	\$346,540	\$34,676
State Forest Protection	\$66,010	\$66,010	\$0
Soil Conservation:			
Salaries & Employee Benefits	\$92,132	\$91,591	\$541
Operating Expenses	6,282	3,157	3,125
Total	\$98,414	\$94,748	\$3,666
TOTAL ENVIRONMENTAL PROTECTION	\$545,640	\$507,298	\$38,342
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$122,376	\$118,340	\$4,036
Operating Expenses	42,754	37,463	5,291
Total	\$165,130	\$155,803	\$9,327

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Salaries & Employee Benefits	\$68,449	\$64,734	\$3,715
Operating Expenses	163,295	30,479	132,816
Capital	299,000	292,170	6,830
Total	\$530,744	\$387,383	\$143,361
Neuse River Council of Governments:			
Allocation & Expenses	\$3,067	\$3,026	\$41
Commissions, Committees & Councils Planning:			
Operating Expenses	\$10,200	\$5,607	\$4,593
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$709,141	\$551,819	\$157,322
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$301,625	\$199,393	\$102,232
Operating Expenses	146,941	110,549	36,392
Total	\$448,566	\$309,942	\$138,624
Tuberculosis:			
Salaries and Employee Benefits	\$2,369	\$2,574	(\$205)
Operating Expenses	316	111	205
Total	\$2,685	\$2,685	\$0
Bioterrorism			
Operating Expenses	\$44,182	\$44,182	\$0
Aids	\$500	\$500	\$0
Communicable Disease:			
Salaries & Employee Benefits	\$9,030	\$8,691	\$339
Operating Expenses	748	1,087	(\$339)
Total	\$9,778	\$9,778	\$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, 2013**

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$46,933	\$46,926	\$7
Operating Expenses	10,127	10,134	(7)
Total	\$57,060	\$57,060	\$0
Maternity Care:			
Salaries & Employee Benefits	\$18,425	\$6,159	\$12,266
Environmental Health:			
Salaries & Employee Benefits	\$13,917	\$12,139	\$1,778
Operating Expenses	1,428	3,206	(1,778)
Total	\$15,345	\$15,345	\$0
Food & Lodging:			
Operating Expenses	\$1,793	\$1,793	\$0
Cancer Prevention:			
Operating Expenses	\$6,250	\$6,250	\$0
Immunization Action Plan:			
Salaries & Employee Benefits	\$3,436	\$4,522	(\$1,086)
Operating Expenses	2,299	1,213	\$1,086
Total	\$5,735	\$5,735	\$0
Maternal & Child Health:			
Salaries & Employee Benefits	\$25,534	\$36,486	(\$10,952)
Operating Expenses	23,602	12,650	10,952
Total	\$49,136	\$49,136	\$0
Women, Infants & Children			
Supplement Food:			
Salaries & Employee Benefits	\$66,076	\$64,273	\$1,803
Operating Expenses	8,264	7,513	751
Total	\$74,340	\$71,786	\$2,554
School Health Education:			
Salaries & Employee Benefits	\$42,234	\$39,906	\$2,328
Operating Expenses	184	653	(469)
Total	\$42,418	\$40,559	\$1,859

**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, 2013**

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Health Promotions:			
Operating Expenses	\$19,179	\$18,685	\$494
Child Services - Coordinator:			
Salaries & Employee Benefits	\$20,131	\$6,678	\$13,453
Operating Expenses	775	158	617
Total	\$20,906	\$6,836	\$14,070
Family Based Counseling:			
Operating Expenses	\$73,190	\$73,190	\$0
Wellness:			
Salaries & Employee Benefits	\$111,268	\$101,899	\$9,369
Operating Expenses	19,172	28,541	(9,369)
Total	\$130,440	\$130,440	\$0
Mosquito Control:			
Salaries & Employee Benefits	\$2,150		\$2,150
Operating Expenses	3,945	\$4,096	(151)
Total	\$6,095	\$4,096	\$1,999
Diabetes:			
Operating Expenses	\$2,500	\$2,461	\$39
Teen Pregnancy Prevention:			
Salaries & Employee Benefits	\$46,006	\$45,723	\$283
Operating Expenses	28,994	25,718	3,276
Total	\$75,000	\$71,441	\$3,559

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Miracle Health Disparities Grant:			
Salaries & Employee Benefits	\$20,814	\$20,769	\$45
Operating Expenses	86	131	(45)
Total	\$20,900	\$20,900	\$0
Maternity Care:			
Operating Expenses	\$1,003	\$55	\$948
Total Health	\$1,125,426	\$949,014	\$176,412
Mental Health:			
Administration:			
Regional Allocation	\$20,306	\$20,306	
Bottle Tax	3,900	3,562	\$338
Total Mental Health	\$24,206	\$23,868	\$338
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,258,688	\$1,172,030	\$86,658
Operating Expenses	276,150	239,015	37,135
Total	\$1,534,838	\$1,411,045	\$123,793
AFDC Program:			
Extra Items	\$6,000	\$4,371	\$1,629
Foster Care	69,000	63,225	5,775
Total	\$75,000	\$67,596	\$7,404

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Medicaid Program:			
County Participation Only	\$20,000		\$20,000
Child Protective Services	\$100		\$100
Foster Care	\$20,000	\$18,204	\$1,796
General Assistance	\$1,150	\$55	\$1,095
Aid to Blind	\$1,081	\$1,081	\$0
Day Care - County Participation	\$470,059	\$470,035	\$24
Food Stamp - EBT	\$4,682	\$3,869	\$813
Title III - Homemaker:			
Salaries & Employee Benefits	\$31,060	\$28,572	\$2,488
Operating Expenses	2,495	874	1,621
<i>Total</i>	\$33,555	\$29,446	\$4,109
Work First Jobs Program	\$40,300	\$29,865	\$10,435
Supplemental Assistance	\$113,208	\$73,172	\$40,036
Medicaid Transportation	\$300,000	\$211,529	\$88,471
Crisis Intervention	\$73,672	\$45,334	\$28,338
Emergency Assistance	\$37,542	\$32,400	\$5,142
Adoption Assistance	\$3,611	\$403	\$3,208
Energy Assistance - Progress Energy	\$3,623	\$1,346	\$2,277
Adult & Youth Services	\$3,500	\$238	\$3,262
Long-Term Care Screening	\$8,000	\$5,922	\$2,078
<i>Total Social Services</i>	\$2,743,921	\$2,401,540	\$342,381

**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, 2013**

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Veterans Service Officer:			
Salaries & Employee Benefits	\$22,101	\$20,122	\$1,979
Operating Expenses	3,450	1,295	2,155
Total Veterans Service Officer	\$25,551	\$21,417	\$4,134
Rural Transportation	\$92,154	\$74,983	\$17,171
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$34,500	\$34,027	\$473
Title V	113,608	84,691	28,917
Transportation	30,991	9,523	21,468
SR Services Outreach	4,500	3,891	609
General Purpose	5,735	5,194	541
Total Tri-County Senior Citizens	\$189,334	\$137,326	\$52,008
TOTAL HUMAN SERVICES	\$4,200,592	\$3,608,148	\$592,444
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$31,051	\$29,989	\$1,062
Operating Expenses	21,225	17,604	3,621
Total	\$52,276	\$47,593	\$4,683
Civic Center:			
Operating Expenses	\$43,060	\$21,531	\$21,529
Interagency Council:			
Operating Expenses	\$10,600	\$8,684	\$1,916
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$90,955	\$86,273	\$4,682
TOTAL CULTURAL AND RECREATIONAL	\$198,666	\$165,856	\$32,810

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
Education:			
Public Schools:			
Current Expense	\$1,748,781	\$1,668,566	\$80,215
Forest Receipts	30,000	45,209	(15,209)
Capital Outlay	50,000	49,190	810
Total	\$1,828,781	\$1,762,965	\$65,816
Community College:			
Salaries & Employee Benefits	\$13,941	\$11,508	\$2,433
Operating Expenses	69,017	69,151	(134)
Total	\$82,958	\$80,659	\$2,299
TOTAL EDUCATION	\$1,911,739	\$1,843,624	\$68,115
Debt Service:			
Principal Retirement	\$418,117	\$418,117	
Interest	92,937	72,429	\$20,508
Total	\$511,054	\$490,546	\$20,508
Miscellaneous - County	\$134,517	\$19,503	\$115,014
TOTAL EXPENDITURES	\$13,630,986	\$12,169,421	\$1,461,565
Revenues Over (Under) Expenditures	(\$1,272,414)	\$277,253	\$1,549,667
OTHER FINANCING SOURCES (USES):			
<i>Transfers from Other Funds:</i>			
Enterprise Fund	\$100,000	\$100,000	
<i>Transfers to Other Funds:</i>			
Special Revenue Fund	(25,226)	(40,893)	(\$15,667)
Appropriated Fund Balance	1,197,640		(1,197,640)
Total Other Financing Sources (Uses)	\$1,272,414	\$59,107	(\$1,213,307)
NET CHANGE IN FUND BALANCE	\$0	\$336,360	\$336,360
FUND BALANCES:			
Beginning of Year, July 1		7,204,635	
End of Year, June 30		\$7,540,995	

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, 2013

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
Technical Control Consultants Project:					
2011 CDBG-ED Grant	\$456,000	\$5,000	\$442,699	\$447,699	(\$8,301)
2011 NC IDF Grant	380,000		158,769	158,769	(221,231)
2011 Rural Center EIP Grant	380,000		344,047	344,047	(35,953)
2010 CDBG Scattered Site Housing	435,000	109,831	226,465	336,296	(98,704)
2011 CDBG NC Catalyst	500,000		9,142	9,142	(490,858)
Total Revenues	\$2,151,000	\$114,831	\$1,181,122	\$1,295,953	(\$855,047)
EXPENDITURES:					
<i>2010 CDBG Scattered Site Housing:</i>					
Clearance	\$6,000		\$5,973	\$5,973	\$27
Rehabilitation/Clearance	30,000	\$15,997	3,022	19,019	10,981
Rehabilitation/Reconstruction	240,000	76,671	81,922	158,593	81,407
Relocation	119,000		117,258	117,258	1,742
Administration	40,000	15,992	19,461	35,453	4,547
Total 2010 CDBG Scattered Site Housing Expenditures	\$435,000	\$108,660	\$227,636	336,296	\$98,704
<i>*Technical Control Consultants Project:</i>					
Water Improvements	\$50,250		\$50,250	\$50,250	
Sewer Improvements	947,250		678,433	678,433	\$268,817
Road Improvements	207,500		207,500	207,500	
Planning	5,000	\$5,000		5,000	
Administration	25,000	1,171	23,829	25,000	
Total Technical Control Consultants Project Expenditures	\$1,235,000	\$6,171	\$960,012	\$966,183	\$268,817
<i>2011 CDBG NC Catalyst:</i>					
Clearance	\$30,000				\$30,000
Rehabilitation	80,000				80,000
Reconstruction	140,000				140,000
Street Improvements	135,000				135,000
Drainage Improvements	27,000				27,000
Sidewalk Improvements	10,000				10,000
Water Improvements	28,000				28,000
Administration	50,000		\$9,142	\$9,142	40,858
Total 2011 CDBG NC Catalyst Project Expenditures	\$500,000	\$0	\$9,142	\$9,142	\$490,858
Total Expenditures	\$2,170,000	\$114,831	\$1,196,790	\$1,311,621	\$858,379
Revenues Over (Under) Expenditures	(\$19,000)	\$0	(\$15,668)	(\$15,668)	\$3,332
OTHER FINANCING SOURCES (USES):					
Local County Contribution			\$1,171	\$1,171	\$1,171
Local County Contribution	\$19,000		14,497	14,497	(4,503)
Total Other Financing Sources (Uses)	\$19,000	\$0	\$15,668	\$15,668	(\$3,332)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

*Water Improvements are for the Town of Pollocksville

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.
- *Emergency Watershed Fund* – This fund accounts for the receipt of State funds used to clear local streams of debris.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds		Total	
	Property Revaluation Fund	Emergency Telephone System Fund	Non-major Special Revenue Governmental Funds	Total Non-major Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents		\$342,263	\$342,263	\$342,263
Restricted Cash & Cash Equivalents	\$74,951		74,951	74,951
Due From Other Governments		19,543	19,543	19,543
TOTAL ASSETS	\$74,951	\$361,806	\$436,757	\$436,757
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable		\$160	\$160	\$160
Total Liabilities	\$0	\$160	\$160	\$160
Fund Balances:				
Restricted:				
Stabilization by State Statute		\$19,543	\$19,543	\$19,543
Committed	\$74,951	342,103	417,054	417,054
Total Fund Balances	\$74,951	\$361,646	\$436,597	\$436,597
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$74,951	\$361,806	\$436,757	\$436,757

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2013

	Special Revenue Funds			Total	Total
	Property Revaluation Fund	Emergency Telephone System Fund	Emergency Watershed Fund	Nonmajor Special Revenue Funds	Nonmajor Governmental Funds
REVENUES:					
Restricted Intergovernmental		\$117,254	\$41,774	\$159,028	\$159,028
Total Revenues	\$0	\$117,254	\$41,774	\$159,028	\$159,028
EXPENDITURES:					
General Government	\$100,800			\$100,800	\$100,800
Public Safety		\$71,210		71,210	71,210
Environmental Protection			\$42,000	42,000	42,000
Total Expenditures	\$100,800	\$71,210	\$42,000	\$214,010	\$214,010
Revenues Over (Under) Expenditures	(\$100,800)	\$46,044	(\$226)	(\$54,982)	(\$54,982)
OTHER FINANCING SOURCES (USES):					
Transfers From (To) Other Funds	\$25,000		\$226	\$25,226	\$25,226
Total Other Financing Sources (Uses)	\$25,000	\$0	\$226	\$25,226	\$25,226
Net Change in Fund Balances	(\$75,800)	\$46,044	\$0	(\$29,756)	(\$29,756)
FUND BALANCES:					
Beginning of Year, July 1	150,751	315,602		466,353	466,353
End of Year, June 30	\$74,951	\$361,646	\$0	\$436,597	\$436,597

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, 2013

	Annual Budget	2013 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
<i>General Government:</i>			
Contract Revaluation	\$200,000	\$100,800	\$99,200
OTHER FINANCING SOURCES:			
Operating Transfer From General Fund		\$25,000	\$25,000
Appropriated Fund Balance	\$200,000		(200,000)
<i>Total Other Financing Sources</i>	<u>\$200,000</u>	<u>\$25,000</u>	<u>(\$175,000)</u>
 <i>Revenues and Other Financing Sources</i>			
<i>Over (Under) Expenditures</i>	<u>\$0</u>	(\$75,800)	<u>(\$75,800)</u>
FUND BALANCE:			
Beginning of Year, July 1		150,751	
End of Year, June 30		<u>\$74,951</u>	

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, 2013

	Annual Budget	2013 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
PSAP Collections	\$77,887	\$117,254	\$39,367
Total Revenues	\$77,887	\$117,254	\$39,367
EXPENDITURES:			
<i>Public Safety:</i>			
Implemental Functions	\$14,387	\$12,850	\$1,537
Software Maintenance	45,000	33,050	11,950
Hardware Maintenance	18,500	16,560	1,940
Miscellaneous		8,750	(8,750)
Total Expenditures	\$77,887	\$71,210	\$6,677
Revenues Over (Under) Expenditures	\$0	\$46,044	\$46,044
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$46,044	\$46,044
FUND BALANCE:			
Beginning of Year, July 1		315,602	
End of Year, June 30		\$361,646	

JONES COUNTY, NORTH CAROLINA
EMERGENCY WATERSHED FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	Annual Budget	2013 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
Stream Debris Removal Grant	\$41,774	\$41,774	
Total Revenues	\$41,774	\$41,774	\$0
EXPENDITURES:			
<i>Environmental Protection:</i>			
Tree Removal	\$42,000	\$42,000	
Total Expenditures	\$42,000	\$42,000	\$0
Revenues Over (Under) Expenditures	(\$226)	(\$226)	\$0
OTHER FINANCING SOURCES:			
Transfers From Other Funds	\$226	\$226	
Total Other Financing Sources	\$226	\$226	\$0
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$0	\$0
FUND BALANCE:			
Beginning of Year, July 1			
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 Automatic Meter Reading System 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, 2013

	2013		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$997,440	\$1,164,829	\$167,389
Water Tap Fees	20,000	38,000	18,000
Reconnect Fees	31,000	26,200	(4,800)
Other Operating Revenues	6,200	9,453	3,253
Total Operating Revenues	\$1,054,640	\$1,238,482	\$183,842
NONOPERATING REVENUES:			
Interest Earned on Investment		\$48	\$48
Total Nonoperating Revenues	\$0	\$48	\$48
Total Revenues	\$1,054,640	\$1,238,530	\$183,890
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$74,599	\$46,869	\$27,730
Professional Services	9,000	9,000	
Insurance	54,784	48,925	5,859
Postage	9,000	10,511	(1,511)
Supplies	1,000	832	168
Printing	4,000	1,362	2,638
Telephone	1,500	1,571	(71)
Other Operating Expenses	91,400	92,644	(1,244)
Total	\$245,283	\$211,714	\$33,569
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$244,757	\$258,062	(\$13,305)
Electric Power	60,000	55,024	4,976
Vehicles Operation & Maintenance	34,000	30,037	3,963
Supplies & Materials	13,100	8,857	4,243
Sample Analysis	15,000	12,408	2,592
Other Operating Expenses	81,700	71,518	10,182
Maintenance & Replacement	43,900	44,722	(822)
Total	\$492,457	\$480,628	\$11,829
Total Operating Expenses	\$737,740	\$692,342	\$45,398
<i>Debt Service:</i>			
Interest and Other Charges	\$48,129	\$21,179	\$26,950
Debt Principal	5,771	5,771	
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, 2013

	2013		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$78,000	\$30,028	\$47,972
Total Expenditures	\$869,640	\$749,320	\$120,320
<i>Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	\$185,000	\$489,210	\$304,210
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(\$100,000)	(\$100,000)	
Transfer to Water Capital Reserve Fund	(85,000)	(85,000)	
Total Other Financing Sources (Uses)	(\$185,000)	(\$185,000)	\$0
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	\$0	\$304,210	\$304,210
<i>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</i>			
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>		\$304,210	
<i>Reconciling Items:</i>			
Debt Principal		\$5,771	
Capital Outlay		30,028	
Increase in Accrued Vacation		(2,872)	
Depreciation		(237,640)	
Transfer to Water Capital Reserve		85,000	
Total Reconciling Items		(\$119,713)	
Change in Net Position		\$184,497	

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, 2013

	Budget	2013 Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES:			
Transfer from Water Fund		\$85,000	\$85,000
Total Other Financing Sources	\$0	\$85,000	\$85,000
Revenues and Other Financing Sources			
Over (Under) Expenditures	\$0	\$85,000	\$85,000
FUND BALANCES:			
Beginning of Year, July 1		410,642	
End of Year, June 30		\$495,642	

JONES COUNTY, NORTH CAROLINA
AUTOMATIC METER READING - ENTERPRISE CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
PWS DWSRF Loan	\$2,015,000				\$2,015,000
Total Revenues	\$2,015,000	\$0	\$0	\$0	\$2,015,000
EXPENDITURES:					
Construction	\$1,630,617				\$1,630,617
Engineering	293,511		\$124,742	\$124,742	168,769
Legal	3,000				3,000
Closing Fee	40,300		204	204	40,096
Advertisements	500				500
Contingency	47,072				47,072
Funding Assistance	15,000				15,000
Total Expenditures	\$2,030,000	\$0	\$124,946	\$124,946	\$1,905,054
Revenues Over (Under) Expenditures	(\$15,000)	\$0	(\$124,946)	(\$124,946)	\$109,946
OTHER FINANCING SOURCES:					
Local Match	\$15,000				\$15,000
Total Other Financing Sources	\$15,000	\$0	\$0	\$0	\$15,000
Revenues and Other Financing Sources Over (Under) Expenditures		\$0	(\$124,946)	(\$124,946)	(\$124,946)
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			(\$124,946)		

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.

Animal Cruelty Fund – This fund accounts for the moneys collected and dispersed by the Animal Control department.

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services Fund:				
Assets, Cash and Investments	\$20,483	\$35,840	\$40,234	\$16,089
Accounts Receivable		1,090		1,090
Total	\$20,483	\$36,930	\$40,234	\$17,179
Liabilities, Accounts Payable	\$20,483	\$36,930	\$40,234	\$17,179
Fines and Forfeitures Fund:				
Assets, Cash and Investments		\$99,063	\$99,063	
Accounts Receivable	\$6,125	5,957	6,125	\$5,957
Total	\$6,125	\$105,020	\$105,188	\$5,957
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$6,125	\$92,134	\$92,302	\$5,957
Intergovernmental Payable - State of North Carolina		6,761	6,761	
Total Liabilities	\$6,125	\$98,895	\$99,063	\$5,957
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$17,305	\$338,071	\$336,719	\$18,657
Accounts Receivable		114		114
Total	\$17,305	\$338,185	\$336,719	\$18,771
Liabilities, Intergovernmental Payables	\$17,305	\$338,185	\$336,719	\$18,771
Agricultural Extension Fund:				
Assets, Cash and Investments	\$38,229	\$61,562	\$71,484	\$28,307
Accounts Receivable		1,055		1,055
Total	\$38,229	\$62,617	\$71,484	\$29,362
Liabilities, Intergovernmental Payables	\$38,229	\$62,617	\$71,484	\$29,362
Animal Cruelty Fund:				
Assets, Cash and Investments	\$2,018	\$80,000	\$23,821	\$58,197
Liabilities, Intergovernmental Payables	\$2,018	\$80,000	\$23,821	\$58,197
Totals - All Agency Funds:				
Assets, Cash	\$78,035	\$614,536	\$571,321	\$121,250
Accounts Receivable	6,125	5,957	6,125	8,216
Total	\$84,160	\$620,493	\$577,446	\$129,466
Liabilities and Payables	\$84,160	\$616,627	\$571,321	\$129,466

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, 2013

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-13		\$6,050,138	\$5,643,585	\$406,553
2011-12	\$289,605		224,818	64,787
2010-11	185,133		152,298	32,835
2009-10	24,305		5,273	19,032
2008-09	19,005		3,145	15,860
2007-08	16,739		2,329	14,410
2006-07	13,521		1,597	11,924
2005-06	14,764		2,553	12,211
2004-05	9,993		517	9,476
2003-04	7,973		172	7,801
2002-03	9,411		9,411	
	<u>\$590,449</u>	<u>\$6,050,138</u>	<u>\$6,045,698</u>	<u>\$594,889</u>
Less: Allowance for Uncollectible Ad Valorem Taxes				(21,000)
Plus: Uncollected 2012-2013 Ad Valorem Taxes Receivable Vehicles				90,382
Ad Valorem Taxes Receivable - Net				<u>\$664,271</u>
Reconciliation with Revenue:				
Taxes - Ad Valorem - General Fund				<u>\$6,081,419</u>
<i>Reconciling Items:</i>				
Penalties and Costs				\$1,133
Taxes Written Off				1,520
Interest Collected				(79,709)
Finance Office - Billing				(11,664)
Prior Year Releases				52,999
Total Reconciling Items				<u>(\$35,721)</u>
Total Collections and Credits				<u>\$6,045,698</u>

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2013

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
Original Levy:					
Property and Motor Vehicles Taxed at Current Year's Rate	\$717,573,250	0.80	\$5,740,586	\$5,325,376	\$415,210
Property and Motor Vehicles Taxed at Prior Year's Rate	26,085,055	0.74	193,029		193,029
Total Original Levy	\$743,658,305		\$5,933,615	\$5,325,376	\$608,239
Discoveries:					
Current Year Taxes	\$16,156,926	0.80	\$129,255	\$129,255	
Prior Year Taxes			39,076	39,076	
Total	\$16,156,926		\$168,331	\$168,331	\$0
Deferred:					
Current Year Taxes	\$1,088,059	0.74	\$8,011	\$8,011	\$0
Abatements	\$7,477,375		(\$59,819)	(\$43,437)	(\$16,382)
Total Property Valuation	\$768,380,665				
Net Levy			\$6,050,138	\$5,458,281	\$591,857
Uncollected Taxes at June 30, 2013			406,553	279,801	126,752
Current Year's Taxes Collected			\$5,643,585	\$5,178,480	\$465,105
Current Levy Collection Percentage			93.28%	94.87%	78.58%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2013

Taxpayer	Type of Business	2012 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$22,500,420	2.93%
Jones - Onslow EMC	Utility	\$20,621,646	2.68%
Brown's Realty Partnership	Real Estate	\$10,067,908	1.31%
Progress Energy	Utility	\$7,151,244	0.93%
Jones County Cotton Gin	Agricultural	\$5,622,713	0.73%
Carolina Telephone & Telegraph Company	Utility	\$3,927,436	0.51%
Nunnelee Properties, LLC	Real Estate	\$3,530,555	0.46%
Brunswick Timber LLC	Timber	\$2,990,264	0.39%
Brown's Farm LLC	Agricultural	\$2,460,719	0.32%
Coastal Beverage	Distributor	\$2,380,940	0.31%

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**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control 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 13-1 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jones County's Response to Findings

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

Purpose of this Report

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

December 6, 2013



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

Report on Compliance with Each Major Federal Program

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2013. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jones County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 13-2, 13-3, 13-4 and 13-5. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Jones County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 13-2, 13-3, 13-4 and 13-5 to be material weaknesses.

Jones County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Jones County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Barrow, Parris & Davenport, P.A.
BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

December 6, 2013



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major state program. However, our audit does not provide a legal determination on Jones County's compliance.

Basis for Qualified Opinion on NC Industrial Development Fund Grant

As described in the accompanying schedule of findings and questioned costs, Jones County did not comply with requirements regarding the NC Industrial Development Fund Grant as described in Finding 13-9 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for Jones County to comply with the requirements applicable to that program.

Qualified Opinion on NC Industrial Development Fund Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the NC Industrial Development Fund Grant for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, Jones County complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMC Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 13-6, 13-7, 13-8, and 13-9. Our opinion on each major state program is not modified with respect to these matters.

Jones County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Jones County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 State program on a timely basis. A material weakness in internal control 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 13-6, 13-7, 13-8 and 13-9 to be material weaknesses.

Jones County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Jones County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Barrow, Parris & Davenport, P.A.
BARROW, PARRIS & DAVENPORT, P.A.
KINSTON, NC

December 6, 2013

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

I. SUMMARY OF AUDITOR'S RESULTS

	<u>YES</u>	<u>NO</u>
<u>Financial Statements</u>		
Type of auditor's report issued: Unmodified		
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> </u>	<u> X </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>	
	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	Temporary Assistance for Needy Families	
93.667	Social Services Block Grant	
93.658	Foster Care Title IV-E	
93.778	Medical Assistance Program	
14.228	Community Development Block Grant	
Dollar threshold used to distinguish between Type A and Type B Programs	<u> \$387,367 </u>	

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

	<u>YES</u>	<u>NO</u>
Auditee qualified as low-risk auditee	_____	<u> X </u>
Internal control over major State programs:		
• Material weakness(es) identified	<u> X </u>	_____
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____	<u> X </u>
Type of auditor's report issued on compliance for major State programs: Qualified		
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u> X </u>	_____
Identification of major State programs:		
<u>Program Name</u>		
Medical Assistance Program		
Subsidized Child Care Cluster:		
Foster Care Title IV-E		
State Appropriations		
TANF – MOE Daycare		
N.C. Economic Infrastructure Program Grant		
N.C. Industrial Development Fund Grant		

II. **FINANCIAL STATEMENT FINDINGS**

FINDING 13-1

MATERIAL WEAKNESS

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

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

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

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. Please refer to the corrective action plan on pages 95 and 96.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 13-2 (REPEAT FINDING)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Medicaid - Transportation

CFDA #'s: 93.778

IMMATERIAL NONCOMPLIANCE
MATERIAL WEAKNESS

Eligibility

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

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

Questioned Costs: \$27,499. This represents 13% of the total dollars (\$211,529) spent on Medicaid Transportation. Of the 25 client files tested, the actual Medicaid Transportation costs incurred amounted to \$1,272. The actual costs incurred for the 3 files that did not have a current needs assessment totaled \$167. Therefore, questioned costs represent thirteen percent of the actual Medicaid Transportation dollars expended.

Context: In our test of 25 client files, 3 files did not have a current needs assessment. An assessment of need was not done for each certification period.

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

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

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2013

*Views of Responsible
 Officials and Planned
 Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that assessments are done for each certification period. Please refer to the corrective action plan on pages 95 and 96.

FINDING 13-3

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Medicaid - Transportation

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE
 MATERIAL WEAKNESS**

Allowable Cost

Criteria: Miles to or from a transportation vendor's office/home/garage to or from the Medicaid beneficiary's residence are not compensated by Medicaid. These miles are referred to as "empty trips". Medicaid only pays from the point of pickup to the point of drop off. According to State policy, the cost of empty trips should be factored in the total cost in setting mileage rates.

Condition: A transportation vendor billed the County for empty trips.

Context: In our test of client files, we noted that a transportation vendor was charging for empty trips.

Effect: The County paid a vendor for unallowable miles.

Cause: State policy has not been adhered to in regards to empty trips.

Recommendation: In accordance with State policy, the County should factor in the cost of empty trips when setting mileage rates. The County should closely review vendor invoices to ensure that empty trips are not being charged.

*Views of Responsible
 Officials and Planned
 Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that mileage rates are adjusted to factor in the cost of empty trips. Please refer to the corrective action plan on pages 95 and 96.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

FINDING 13-4

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Subsidized Child Care Cluster (Temporary Assistance for Needy Families, Child Care and Development Fund-Mandatory, Child Care and Development Fund-Match, SSBG Day Care, Child Care Development Fund-Administration, Child Care Development Fund-Discretionary, Foster Care Title IV-E)

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

**IMMATERIAL NONCOMPLIANCE
MATERIAL WEAKNESS**

Eligibility

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

Condition: Two participants paid incorrect parent fees.

Questioned Costs: \$0. The errors were corrected by the County before year-end.

Context: In our test of 40 participant files, we noted 2 instances where parent fees were incorrectly calculated.

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

Cause: Parent fees were determined with incorrect income in 2 cases.

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

*Views of Responsible
Officials and Planned
Corrective Actions:*

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

FINDING 13-5

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Subsidized Child Care Cluster: Child Care Development Fund – Administration, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Foster Care Title IV-E, Social Services Block Grant Day Care; Medical Assistance Program

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

**IMMATERIAL NONCOMPLIANCE
MATERIAL WEAKNESS**

Reporting

Criteria: Employee day sheets must account for 100% of employee time as required in the DSS Services Information System User's Manual and, that program codes and activity codes are summarized correctly, that day sheet entries are supported by documentation in case record files and that day sheet summaries are transferred to the DSS-1571 accurately to an eligible fund source.

Condition: Of the three case workers tested, two did not provide adequate documentation in case record files to support summary on day sheets for time charged to Service Information System (SIS) codes in at least one instance.

Context: In our test of specific dates (the 17th of both December 2012 and April 2013), one caseworker did not provide supporting documentation for SIS coded time in the case files as listed on the day sheet for 23% of the case files tested.

Effect: Time charged to SIS codes on the monthly 1571 report could have incorrect amounts or allocations of time.

Cause: The case worker failed to provide documentation in the individual case files that supported the work performed by SIS code per day sheets for the days tested. Auditor was able to view some documentation that was located outside of the file pertaining to the work performed but case worker failed to incorporate it into the existing case file documentation as required.

Recommendation: Case workers should provide documentation in all case files to support day sheet summaries for time charged to SIS codes. Case workers should keep updated narratives and other documentation in files at all times. A weekly update of all narratives is recommended to meet this requirement.

*Views of Responsible
Officials and Planned
Corrective Actions:*

The County DSS agrees with this finding. The County DSS intends to conduct staff meetings to reiterate this requirement and the need for adequate documentation in the case files.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 13-6

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid - Transportation

REFER TO FEDERAL FINDING 13-2

FINDING 13-7

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid - Transportation

REFER TO FEDERAL FINDING 13-3

FINDING 13-8

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Subsidized Child Care Cluster: Child Care Development Fund – Administration, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Foster Care Title IV-E, Social Services Block Grant Day Care

REFER TO FEDERAL FINDING 13-4

FINDING 13-9

N.C. DEPARTMENT OF COMMERCE

Program Name: NC Industrial Development Fund (IDF) Grant

**MATERIAL NONCOMPLIANCE
MATERIAL WEAKNESS**

Allowable Costs

- Criteria:* The County is required to incur expenditures, then request reimbursement from the grantor for the expenditures.
- Condition:* The County requisitioned grant funds from the IDF Grant for expenditures that had already been submitted for a different grant.
- Questioned Costs:* \$141,204. This represents the amount of duplicate expenditures that were submitted for reimbursement to the grantor. This amount has been recorded as a payable in the financial statements as this amount is due back to the grantor.
- Context:* In our test of expenditures and subsequent grant requisitions, we found that the same expenditures had been submitted for reimbursement for two different grants.
- Effect:* The County did not incur expenditures before grant funds were requisitioned.
- Cause:* The County contracted two different third-party grant managers to administer two different grants within the same project. Responsible personnel did not monitor the grant closely to ensure that expenditures had been incurred prior to requisitioning grant funds.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

Recommendation: Grant activity should be monitored closely to ensure that funds are not requisitioned prior to incurring expenditures.

*Views of Responsible
Officials and Planned
Corrective Actions:*

The County agrees with the finding. The County Manager and Finance Officer will work closely to review expenditures prior to requisition to ensure that expenditures have been appropriately incurred and have not been previously requested. Revenue and expenditure accounts will be reviewed to ensure that revenues match expenditures.

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JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2013

FINANCIAL STATEMENT FINDINGS

FINDING: 13-1

- 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.

FEDERAL AWARD FINDINGS

FINDING: 13-2

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

FINDING: 13-3

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that that mileage rates are adjusted to factor in the cost of empty trips.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 13-4

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that correct parent fees are paid.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 13-5

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: Procedures will be implemented to ensure that proper documentation supporting work performed on day sheet summaries are in files.
- C. Proposed Completion Date: The County plans to begin this process immediately.

JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2013

STATE AWARD FINDINGS

FINDING 13-6

REFER TO FEDERAL FINDING 13-2

FINDING 13-7

REFER TO FEDERAL FINDING 13-3

FINDING 13-8

REFER TP FEDERAL FINDING 13-4

FINDING 13-9

- A. Name of Contact Person: Franky Howard, County Manager and Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: Procedures will be implemented to closely review expenditures prior to requisition to ensure that expenditures have been properly incurred and have not been previously requested. Revenue and expenditure accounts will be reviewed to ensure that revenues match expenditures.
- C. Proposed Completion Date: The County plans to begin this process immediately.

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2013

FINDING 12-1 **(Financial Reporting)**

STATUS: Not corrected. See current year finding 13-1.

FINDING 12-2 **(Budgetary Over-expenditures)**

STATUS: Corrected.

FINDING 12-3 **(Medical Assistance Program – Transportation - Assessments)**

STATUS: Not corrected. See current year finding 13-2.

FINDING 12-4

Refer to Finding 12-3.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

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>				
State Administrative Matching Grants for the				
Supplemental Nutrition Assist. Program	10.561	\$100,373		\$100,373
Supplemental Nutrition Assist. Program - Non-Cash	10.561	30,948		30,948
Supplemental Nutrition Assist. Program - Workfare/Non-State	10.561	2,926		2,926
Supplemental Nutrition Assist. Program Fraud	10.561	15,928		15,928
Total Supplemental Nutrition Assist. Program Cluster		\$150,175	\$0	\$150,175
<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	\$74,340		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	142,117		
		\$216,457	\$0	\$0
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$5,611		
Nutrition Program for the Elderly-C2	10.570	5,109		
		\$10,720	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$17,067		
		\$17,067	\$0	\$0
Total U.S. Department of Agriculture		\$394,419	\$0	\$150,175

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
<i>Passed Through NC Department of Transportation:</i>				
Alcohol Impaired Driving Countermeasure Incentive	20.601	\$19,918		
Total U.S. Department of Transportation		\$19,918	\$0	\$0
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through NC Department of Commerce:</i>				
Community Development Block Grant Cluster:				
2010 CDBG Scattered Site Housing	14.228	\$226,465		
2011 CDBG - Economic Development Grant	14.228	442,699		
2011 CDBG - NC Catalyst Grant	14.228	9,142		
Total U.S. Department of Housing and Urban Development		\$678,306	\$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	\$35,503		
Assistance to Firefighters Grant	97.044	259,908		
Total U.S. Department of Homeland Security		\$295,411	\$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-				
Title III C-Nutritional Services (Congregate)	93.045	\$43,699	\$2,571	
Title III C-Nutritional Services (Home Delivered Meals)	93.045	50,876	2,993	
Access Services Transportation	93.044	23,826	1,402	
Senior Center General Purpose Funds			2,938	
In Home Aid	93.667	14,836		\$2,119
Senior Companion	93.044	4,871	287	
In Home Aid Title III	93.044	15,769	928	
Senior Companion	93.052		262	
Title III-D Preventive Health	93.043	1,128	66	
Total Aging Cluster		\$155,005	\$11,447	\$2,119

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Population Affairs:</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	\$13,796		
Prevention Investigations and Technical	93.283	2,994		
		\$16,790	\$0	\$0
<u>Administration for Children and Families:</u>				
<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	\$32,532	\$12,888	\$14,751
Links	93.674	(7)	(2)	
Foster Care-Direct Benefit Payments	93.658	12,583		12,583
Adoption Assistance-Direct Benefit Payments	93.659	4,722	202	4,165
Total Foster Care and Adoption Cluster		\$49,830	\$13,088	\$31,499
<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	\$55,270		\$22,551
Work First Service	93.558	136,907		61,373
Work First/TANF-Direct Benefit Payments	93.558	48,753		
Total TANF Cluster		\$240,930	\$0	\$83,924
NC Child Support Enforcement Section	93.563	\$192,053		\$98,936
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$8,499		
Crisis Intervention Program	93.568	47,051		
Energy Assistance Payments-Direct Benefit Payments	93.568	32,542		
		\$88,092	\$0	\$0
Family Preservation	93.556	\$1,130	\$0	\$0
Permanency Planning-Administration	93.645	\$587	\$0	\$196
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Social Services Block Grant	93.667	\$50,019	\$4,898	\$18,305

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:				
Subsidized Child Care				
<u>Child Care Development Fund Cluster:</u>				
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Child Care Development Fund-Administration	93.596	\$78,808		
Division of Child Development:				
Child Care and Development Fund-Discretionary	93.575	180,394		
SSBG Day Care	93.667	2,621		
Child Care and Development Fund-Mandatory	93.596	77,222		
Child Care and Development Fund-Match	93.596	23,649		
Total Child Care Development Fund Cluster		\$362,694	\$0	\$0
Temporary Assistance for Needy Families	93.558	\$98,560		
Foster Care Title IV-E	93.658	4,512	\$2,237	
State Appropriations			72,073	
TANF-MOE Daycare			14,138	
Total Subsidized Child Care		\$465,766	\$88,448	\$0
<u>Center for Medicare and Medicaid Services:</u>				
<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	\$222,071	\$10,804	\$211,195
<i>Administered by County Health Department:</i>				
Direct Benefit Payments:				
Medical Assistance Program	93.778	9,924,619	5,603,691	
State Children's Insurance Program - N.C. Health Choice	93.767	24,250	562	7,133
		\$10,170,940	\$5,615,057	\$218,328
<u>Health Resources and Services Administration:</u>				
<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	\$30,769	\$23,079	\$0
<u>Immunization Cluster</u>				
Immunization Grants	93.268	\$4,745		
Total Immunization Cluster		\$4,745	\$0	\$0
<u>Centers for Disease Control</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
<i>Cooperative Agreements for State Based Comprehensive</i>				
Breast and Cervical Cancer Early Detection Programs	93.919	\$3,700	\$2,550	
Preventive Health and Health Services Block Grant	93.991	9,640		
Public Health Emergency	93.069	44,182		
		\$57,522	\$2,550	\$0
Total U.S. Department of Health and Human Services		\$11,524,178	\$5,758,567	\$453,307
TOTAL FEDERAL ASSISTANCE		\$12,912,232	\$5,758,567	\$603,482

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

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	\$1,452	\$0
NC DEPARTMENT OF PUBLIC SAFETY:				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency			\$86,595	
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$71,189	\$71,189
Division of Public Health:				
<i>Administered by County Health Department:</i>				
General			\$78,930	
Public Health Nurse			42,418	
Communicable Disease			9,778	
Food & Lodging			1,793	
Interpreter Grant II			20,900	
Carolina Power & Light			824	
Environmental Health			4,000	
TPPI-Pregnancy Prevention			75,000	
Risk Reduction/Health Promotion			6,206	
Aids-State			500	
Tuberculosis			2,686	
WHSF			1,903	
Long Term Care Screening			67,673	
Mosquito - Public Health Pesticide			2,795	
Healthy Communities			2,839	
			\$318,245	
Divison of Natural Resources:				
<i>Administered by County Department of Soil and Water Conservation:</i>				
Soil and Water Conservation			\$40,766	
Stream Debris Removal Grant			41,774	
			\$82,540	
Total NC Department of Health and Human Services		\$0	\$471,974	\$71,189

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF COMMERCE:</u>				
<i>Administered by County Finance Department:</i>				
2011 NC Industrial Development Fund Grant	U-425		\$158,769	
2011 NC Rural Center Economic Infrastructure Program Grant	2010-15140401-107		344,047	
		\$0	\$502,816	\$0
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$95,104	\$0
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant		\$0	\$5,163	\$0
<u>NC DEPARTMENT OF PUBLIC INSTRUCTION:</u>				
Public School Building Capital Fund - Lottery Proceeds		\$0	\$150,000	\$0
<u>NC STATE BOARD OF ELECTIONS:</u>				
Board of Elections Voting Machine Grant		\$0	\$4,839	\$0
TOTAL STATE ASSISTANCE		\$0	\$1,317,943	\$71,189
TOTAL FEDERAL AND STATE ASSISTANCE		\$12,912,232	\$7,076,510	\$674,671

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 and Foster Care and Adoption.