

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2012

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For The Fiscal Year Ended June 30, 2012

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

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Zack Koonce
Chairman

Sondra I. Riggs

Mike Haddock

Frank Emory

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of and for the year then ended June 30, 2012, which collectively comprise Jones County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jones County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2012 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that 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.

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 statements as a whole. The introductory information, combining and individual nonmajor fund financial statements and schedules, budgetary schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory information and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

November 28, 2012

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, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

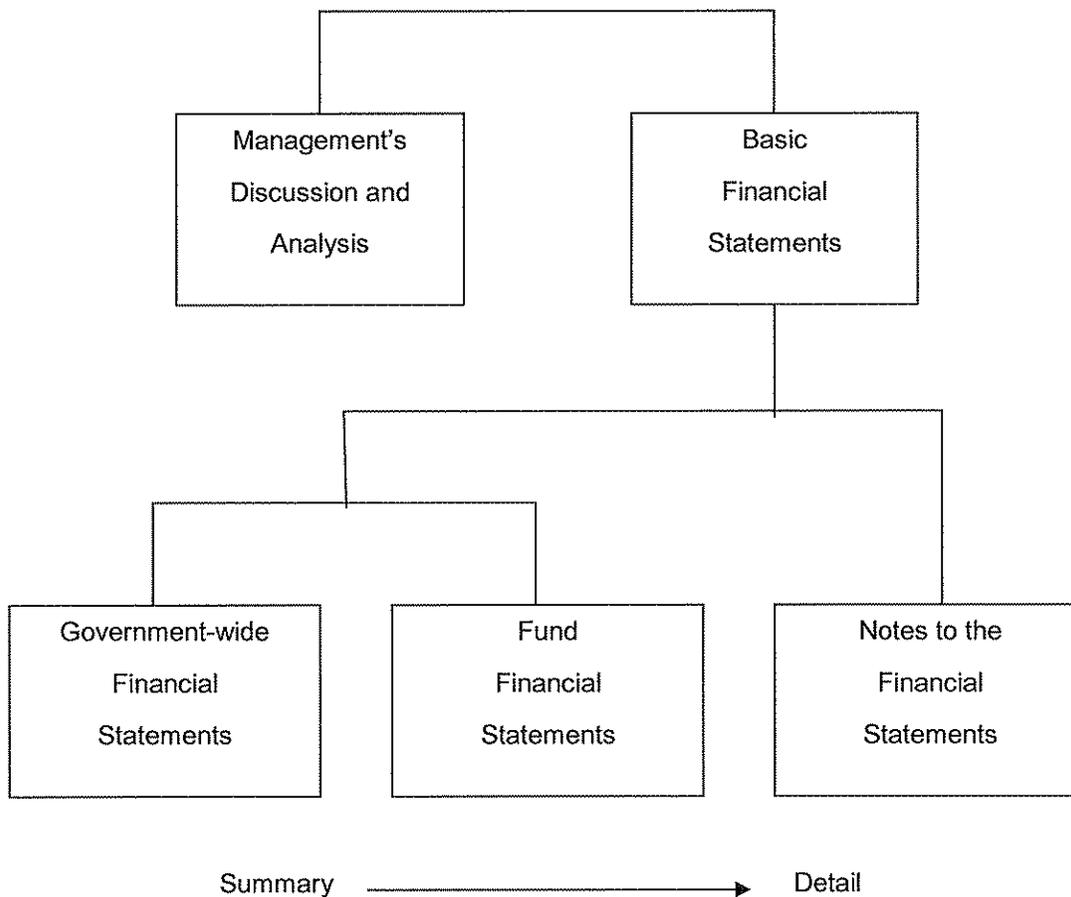
- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$17,934,165 (*net assets*).
- The government's total net assets decreased by \$2,677,530, primarily due to decreased net assets in the governmental funds. This compares to an increase of \$59,236 in 2011.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general, special revenue and capital projects funds) reported combined ending fund balances of \$7,670,988, a decrease of \$1,192,713 in comparison with the prior year. At June 30, 2012, approximately 45.12% of this total amount or \$3,460,817 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,905,369, or 21.65% of total general fund expenditures for the fiscal year.
- Jones County's total debt decreased by \$421,228 (7.42%) 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



Basic Financial Statements

Basic Financial Statements

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

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Jones County exceeded liabilities by \$17,934,165 as of June 30, 2012. As of June 30, 2011, the net assets of Jones County stood at \$20,611,695. The County's net assets decreased by \$2,677,530 for the fiscal year ended June 30, 2012, compared to an increase of \$59,236 in 2011. One of the largest portions (58.51%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net assets \$3,459,038 (19.29%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,981,116 is unrestricted. In 2011, the amount of net assets invested in capital assets net of related debt was \$10,029,102, with restricted assets standing at \$4,648,052. The remaining \$5,934,541 was unrestricted net assets for that year.

Jones County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$9,321,878	\$11,010,314	\$1,946,164	\$1,660,160	\$11,268,042	\$12,670,474
Capital assets	6,029,510	8,446,759	7,007,761	6,829,752	13,037,271	15,276,511
Total assets	\$15,351,388	\$19,457,073	\$8,953,925	\$8,489,912	\$24,305,313	\$27,946,985
Current Liabilities	\$633,708	\$1,209,693	\$137,176	\$137,836	\$770,884	\$1,347,529
Long-Term Liabilities	5,087,847	5,463,463	512,417	524,298	5,600,264	5,987,761
Total liabilities	\$5,721,555	\$6,673,156	\$649,593	\$662,134	\$6,371,148	\$7,335,290
Net assets:						
Invested in capital assets, net of related debt	\$3,970,349	\$3,688,978	\$6,523,662	\$6,340,124	\$10,494,011	\$10,029,102
Restricted	3,459,038	4,648,052	27,302		3,486,340	4,648,052
Unrestricted	2,200,446	4,446,887	1,753,368	1,487,654	3,953,814	5,934,541
Total net assets	\$9,629,833	\$12,783,917	\$8,304,332	\$7,827,778	\$17,934,165	\$20,611,695

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

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

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 94.62% which is slightly up from last year's collection rate of 92.29%.
- Jones County Administration, including all department heads and employees, has strived to reduce spending to stay in line with reduced revenues.
- Jones County has also begun utilizing an outside collection agency to collect outstanding utility bills.

Jones County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$1,220,206	\$1,158,753	\$1,104,060	\$981,480	\$2,324,266	\$2,140,233
Operating grants and contributions	4,088,438	5,552,154			4,088,438	5,552,154
Capital grants and contributions	56,000		433,094		489,094	
General revenues:						
Property taxes	5,418,929	5,225,166			5,418,929	5,225,166
Other taxes	1,047,054	1,010,303			1,047,054	1,010,303
Grants and contributions not restricted						
to specific programs	281,307	232,793			281,307	232,793
Other	883,427	113,069	383	921	883,810	113,990
Total revenues	\$12,995,361	\$13,292,238	\$1,537,537	\$982,401	\$14,532,898	\$14,274,639
Expenses:						
General government	\$3,063,554	\$2,231,755			\$3,063,554	\$2,231,755
Public safety	3,148,604	2,720,113			3,148,604	2,720,113
Environmental Protection	575,616	567,781			575,616	567,781
Economic and physical development	388,351	1,040,889			388,351	1,040,889
Human services	4,188,123	4,597,096			4,188,123	4,597,096
Cultural and recreation	252,149	237,020			252,149	237,020
Education	1,968,328	1,783,600			1,968,328	1,783,600
Interest on long-term debt	73,720	75,086			73,720	75,086
Water			\$995,983	\$962,063	995,983	962,063
Total expenses	\$13,658,445	\$13,253,340	\$995,983	\$962,063	\$14,654,428	\$14,215,403
Increase in net assets before transfers	(\$663,084)	\$38,898	\$541,554	\$20,338	(\$121,530)	\$59,236
Special Item - Donated Asset (See Note IX)	(2,556,000)				(2,556,000)	
Transfers	65,000	65,000	(65,000)	(65,000)		
Increase (Decrease) in net assets	(\$3,154,084)	\$103,898	\$476,554	(\$44,662)	(\$2,677,530)	\$59,236
Net assets, July 1	12,783,917	12,680,019	7,827,778	7,872,440	20,611,695	20,552,459
Net assets, June 30	\$9,629,833	\$12,783,917	\$8,304,332	\$7,827,778	\$17,934,165	\$20,611,695

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

Governmental Activities. Governmental activities decreased the County's net assets by \$3,154,084 compared to an increase of \$103,898 in 2011. Key elements of the decrease in 2012 are as follows:

- The County made a capital contribution to the Jones County Board of Education in the amount of \$2,556,000 which represents the cost of constructing the Jones Senior High School gymnasium. This is a special item - see Note IX.

Business-type activities: Business-type activities increased Jones County's net assets by \$476,554 compared to a decrease of \$44,662 in 2011. Key elements of this increase in 2012 are as follows:

- The County received a grant from N.C Rural Development for the addition of a well to the Water System.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$5,834,107, while total fund balance reached \$7,204,635. Of this fund balance available, \$2,079,512 is restricted, \$671,619 is committed, and \$177,607 is assigned, leaving \$2,905,369 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 21.65% of total General Fund expenditures, while total fund balance represents 53.68% 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, 2012, Jones County is within the range established by the Board.

At June 30, 2012, the governmental funds of Jones County reported a combined fund balance of \$7,670,988 compared to \$8,863,701 at June 30, 2011. The primary reason for this decrease is the decrease in the fund balance in the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$2,635,126.

Proprietary Funds. Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$1,753,368. The total increase in net assets was \$476,554. Other factors concerning the finances of this fund have already been addressed in the discussion of Jones County's business-type activities.

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

Capital Asset and Debt Administration

Capital assets. Jones County's capital assets for its governmental and business – type activities as of June 30, 2012, totals \$13,037,271 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County Water System received grant funds to add an additional well to the system.

Jones County's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$434,777	\$419,271	\$54,808	\$35,708	\$489,585	\$454,979
Buildings and system	4,885,772	4,896,160	6,926,425	6,465,676	11,812,197	11,361,836
Machinery and equipment	584,243	607,905	26,528	3,934	610,771	611,839
Infrastructure	124,718	127,763			124,718	127,763
Construction in Progress		2,395,660		324,433		2,720,093
Total	\$6,029,510	\$8,446,759	\$7,007,761	\$6,829,751	\$13,037,271	\$15,276,510

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	
	2012	2011	2012	2011	2012	2011
Qualified Zone Academy Bonds	\$380,946	\$431,358			\$380,946	\$431,358
Qualified School Construction Bonds	2,333,333	2,500,000			2,333,333	2,500,000
Capitalized Leases	7,001	10,313			7,001	10,313
Installment Purchases	2,052,160	2,247,468	\$484,099	\$489,628	2,536,259	2,737,096
	\$4,773,440	\$5,189,139	\$484,099	\$489,628	\$5,257,539	\$5,678,767

Jones County's total debt decreased by \$421,228 (7.42%) 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 \$58,793,276. At June 30, 2012, Jones County had general obligations and capitalized leases outstanding of \$5,257,539 that are to be considered within the legal debt margin.

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

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

Economic Factors and Next Year's Budgets and Rates

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

- The County has experienced a significant increase in its unemployment rate. As of June 30, 2012, the county unemployment rate was 11.2%. With this increased unemployment, there has been an increase in the demand for citizens' needs of our Social Services and Public Health Departments.
- The County continues to see an increase in private construction of new homes.
- Jones County was be the recipient of the Golden LEAF Community Initiative Grant during next fiscal year. This is a potential of \$2 million in grant funds for various projects throughout the county. Two county projects were selected for funding. One was the addition of a sprinkler system to the Jones County Business Center. The other was to help fund the Adult Health Clinic at the Jones County Health Department.
- 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 recently awarded for construction.
- Jones County will be partnering with Lenoir County to merge their existing 911 systems. This project will be funded by a \$7.4 million grant from the N.C. 911 Board. The new system should be complete in late 2014.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: The County's tax rate increased from .74 to .80.

The increase in the tax rate was a result of not utilizing the general fund balance to offset the budget this year. For the past several years, the County has been fortunate to dip into the fund balance to keep the overall tax rate lower. However, with decreasing revenues, fund balance reached an amount that needed to be preserved as a true safety net for unexpected county expenditures.

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 ASSETS
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$6,722,719	\$1,616,047	\$8,338,766	\$28,576
Receivables (Net)	947,519	150,698	1,098,217	
Due From Other Governments	467,182		467,182	
Inventories	1,779	55,480	57,259	141,246
Prepaid Items				2,461
Restricted Cash and Cash Equivalents	173,451	122,641	296,092	
Notes Receivable:				
Due Within One Year	113,981	1,298	115,279	
Due in More Than One Year	895,247		895,247	
Capital Assets:				
Land, Improvements, and Construction in Progress	434,777	54,808	489,585	15,073
Other Capital Assets, Net of Depreciation	5,594,733	6,952,953	12,547,686	21,061
Total Capital Assets	\$6,029,510	\$7,007,761	\$13,037,271	\$36,134
Total Assets	\$15,351,388	\$8,953,925	\$24,305,313	\$208,417
Liabilities:				
Accounts Payable and Accrued Expenses	\$572,448	\$41,837	\$614,285	\$69,618
Accrued Interest Payable	19,311		19,311	
Unearned Revenue	41,949		41,949	
Customer Deposits		95,339	95,339	
Long-term Liabilities:				
Due within one year	418,099	6,008	424,107	2,000
Due in more than one year	4,669,748	506,409	5,176,157	3,667
Total Liabilities	\$5,721,555	\$649,593	\$6,371,148	\$75,285
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$3,970,349	\$6,523,662	\$10,494,011	\$30,467
Restricted For:				
Register of Deeds	39,041		39,041	
General Government	47,549		47,549	
Environmental Protection	29,201		29,201	
Education	1,695,911		1,695,911	
Stabilization by State Statute	1,379,526		1,379,526	
Human Services	267,810		267,810	
Working Capital				27,699
USDA Loan Payments		27,302		
Unrestricted	2,200,446	1,753,368	3,953,814	74,966
Total Net Assets	\$9,629,833	\$8,304,332	\$17,906,863	\$133,132

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$3,063,554	\$175,030	\$76,771	
Public Safety	3,148,604	482,347	247,122	
Environmental Protection	575,616	395,128	163,393	
Economic and Physical Development	388,351	72,573	175,205	
Human Services	4,188,123	94,398	3,217,565	
Cultural and Recreation	252,149	730		
Education	1,968,328		208,382	\$56,000
Interest on Long-Term Debt	73,720			
Total Governmental Activities	\$13,658,445	\$1,220,206	\$4,088,438	\$56,000
Business-type Activity:				
Water	\$995,983	\$1,104,060		\$433,094
Total Business-type Activities	\$995,983	\$1,104,060	\$0	\$433,094
	\$14,654,428	\$2,324,266	\$4,088,438	\$489,094
Component Units:				
ABC Board	\$919,076	\$929,984		
Total Component Unit	\$919,076	\$929,984	\$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 and Special Item

Special Item - Capital Contribution to Jones County Board of Educ.

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets, Beginning

NET ASSETS, ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Jones County ABC Board
(\$2,811,753)		(\$2,811,753)	
(2,419,135)		(2,419,135)	
(17,095)		(17,095)	
(140,573)		(140,573)	
(876,160)		(876,160)	
(251,419)		(251,419)	
(1,703,946)		(1,703,946)	
(73,720)		(73,720)	
(\$8,293,801)	\$0	(\$8,293,801)	
	\$541,171	\$541,171	
\$0	\$541,171	\$541,171	
(\$8,293,801)	\$541,171	(\$7,752,630)	
			\$10,908
			\$10,908
\$5,418,929		\$5,418,929	
975,952		975,952	
71,102		71,102	
281,307		281,307	
54,569	\$383	54,952	\$8
828,858		828,858	
7,630,717	383	7,631,100	8
(2,556,000)		(2,556,000)	
65,000	(65,000)		
\$5,139,717	(\$64,617)	\$5,075,100	\$8
(\$3,154,084)	\$476,554	(\$2,677,530)	\$10,916
12,783,917	7,827,778	20,611,695	122,216
\$9,629,833	\$8,304,332	\$17,934,165	\$133,132

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

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$6,417,724	\$304,995	\$6,722,719
Restricted Cash	22,700	150,751	173,451
Receivables, Net	859,725	1,046	860,771
Due From Other Governments	456,405	10,777	467,182
Due From Other Funds		6,864	6,864
Current Portion-Notes Receivable	113,981		113,981
Inventories	1,779		1,779
Notes Receivable	895,247		895,247
TOTAL ASSETS	\$8,767,561	\$474,433	\$9,241,994
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$564,368	\$8,080	\$572,448
Due to Other Funds	6,864		6,864
Unearned Revenue	41,949		41,949
Deferred Revenue	949,745		949,745
Total Liabilities	\$1,562,926	\$8,080	\$1,571,006
<i>Fund Balances:</i>			
Nonspendable:			
Inventories	\$1,779		\$1,779
Restricted:			
Stabilization by State Statute	1,368,749	\$10,777	1,379,526
Register of Deeds	39,041		39,041
Health Department	267,810		267,810
Facility Fees	47,549		47,549
White Goods	29,201		29,201
School Capital	1,695,911		1,695,911
Committed:			
Economic Development	671,619		671,619
Tax Revaluation		150,751	150,751
Emergency Telephone System		304,825	304,825
Assigned:			
Long-Term Screening	107,755		107,755
Civic Center	64,778		64,778
Transportation	5,074		5,074
Unassigned	2,905,369		2,905,369
Total Fund Balances	\$7,204,635	\$466,353	\$7,670,988
TOTAL LIABILITIES AND FUND BALANCES	\$8,767,561	\$474,433	

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

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

Total Fund Balance, Governmental Funds	\$7,670,988
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,029,510
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	86,748
Liabilities for earned but deferred revenues in fund statements.	949,745
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(5,107,158)
Net Assets of Governmental Activities	\$9,629,833

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, 2012

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Ad Valorem Taxes	\$5,374,594		\$5,374,594
Local Option Sales Taxes	975,952		975,952
Other Taxes and Licenses	71,102		71,102
Unrestricted Intergovernmental	135,681		135,681
Restricted Intergovernmental	3,901,488	\$443,823	4,345,311
Permits and Fees	196,488		196,488
Sales and Services	746,181		746,181
Investment Earnings	54,525	44	54,569
Miscellaneous	964,924		964,924
TOTAL REVENUES	\$12,420,935	\$443,867	\$12,864,802
EXPENDITURES:			
<i>Current:</i>			
General Government	\$2,702,663	\$158,396	\$2,861,059
Public Safety	2,970,807	246,809	3,217,616
Environmental Protection	570,253		570,253
Economic and Physical Development	236,942	190,908	427,850
Human Services	4,169,069		4,169,069
Cultural and Recreational	207,625		207,625
Miscellaneous-County	105,558		105,558
<i>Intergovernmental:</i>			
Education	1,968,328	160,340	2,128,668
<i>Debt Service:</i>			
Principal	415,699		415,699
Interest	75,118		75,118
Total Expenditures	\$13,422,062	\$756,453	\$14,178,515
Excess (Deficiency) of Revenues			
Over Expenditures	(\$1,001,127)	(\$312,586)	(\$1,313,713)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$66,718	\$57,813	\$124,531
Transfers to Other Funds	(57,813)	(1,718)	(59,531)
Contributed Capital from Jones County BOE		56,000	56,000
Total Other Financing Sources (Uses)	\$8,905	\$112,095	\$121,000
Net Change in Fund Balance	(\$992,222)	(\$200,491)	(\$1,192,713)
<i>Fund Balances, Beginning</i>	8,196,857	666,844	8,863,701
FUND BALANCES, ENDING	\$7,204,635	\$466,353	\$7,670,988

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, 2012

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

Net changes in fund balances - total governmental funds	(\$1,192,713)
---	---------------

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.

151,177

Net book value of assets sold	(12,426)
-------------------------------	----------

(12,426)

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

78,864

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

417,097

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.

(2,596,083)

Total Changes in Net Assets of Governmental Activities	<u>(\$3,154,084)</u>
---	-----------------------------

(\$3,154,084)

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$5,530,332	\$5,370,217	\$5,374,594	\$4,377
Local Option Sales Tax	840,000	895,000	975,952	80,952
Other Taxes and Licenses	68,000	68,000	71,102	3,102
Unrestricted Intergovernmental	85,000	136,000	135,681	(319)
Restricted Intergovernmental	4,143,209	4,528,136	3,901,488	(626,648)
Permits and Fees	390,100	167,591	196,488	28,897
Sales and Services	342,650	747,323	746,181	(1,142)
Investment Earnings	60,000	60,000	54,525	(5,475)
Miscellaneous	97,250	985,660	964,924	(20,736)
Total Revenues	\$11,556,541	\$12,957,927	\$12,420,935	(\$536,992)
Expenditures:				
<i>Current:</i>				
General Government	\$1,794,015	\$3,045,259	\$2,702,663	\$342,596
Public Safety	2,635,695	3,406,313	2,970,807	435,506
Environmental Protection	511,633	632,463	570,253	62,210
Economic and Physical Development	237,843	283,843	236,942	46,901
Human Services	4,857,941	5,072,765	4,169,069	903,696
Cultural and Recreational	186,213	224,206	207,625	16,581
Miscellaneous-County	127,000	193,716	105,558	88,158
<i>Intergovernmental:</i>				
Education	2,623,077	2,749,978	1,968,328	781,650
<i>Debt Service:</i>				
Principal Retirement	415,699	415,699	415,699	
Interest	99,054	99,054	75,118	23,936
Total Expenditures	\$13,488,170	\$16,123,296	\$13,422,062	\$2,701,234
Revenues Over (Under) Expenditures	(\$1,931,629)	(\$3,165,369)	(\$1,001,127)	\$2,164,242
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$65,000	(\$13,281)	\$8,905	\$22,186
Appropriated Fund Balance	1,866,629	3,178,650		(3,178,650)
Total Other Financing Sources (Uses)	\$1,931,629	\$3,165,369	\$8,905	(\$3,156,464)
Net Change in Fund Balance	\$0	\$0	(\$992,222)	(\$992,222)
<i>Fund Balances:</i>				
Beginning of Year, July 1			8,196,857	
End of Year, June 30			\$7,204,635	

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2012

	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,616,047
Receivables, Net	150,698
Current Portion Notes Receivable	1,298
Inventories	55,480
Total Current Assets	\$1,823,523
<i>Noncurrent Assets:</i>	
Restricted Cash	\$122,641
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	54,808
Other Capital Assets, Net of Depreciation	6,952,953
Total Capital Assets	\$7,007,761
TOTAL ASSETS	\$8,953,925
<u>LIABILITIES AND NET ASSETS</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$41,837
Customer Deposits	95,339
Current Portion of Installment Obligation Payable	6,008
Total Current Liabilities	\$143,184
<i>Noncurrent Liabilities:</i>	
Compensated Absences	\$28,318
Installment Obligation Payable	478,091
Total Noncurrent Liabilities	\$506,409
TOTAL LIABILITIES	\$649,593
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	\$6,523,662
Restricted	27,302
Unrestricted	1,753,368
Total Net Assets	\$8,304,332

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$981,749
Water Tap Fees	32,000
Reconnect Fees	26,560
Other Operating Revenues	63,751
Total Operating Revenues	\$1,104,060
OPERATING EXPENSES:	
Administration	\$199,101
Raw Water Supply Maintenance	555,422
Depreciation	220,039
Total Operating Expenses	\$974,562
Operating Income (Loss)	\$129,498
NONOPERATING REVENUES (EXPENSES)	
Interest Earned on Investment	\$383
Interest on Long-Term Debt	(21,421)
Capital Contribution - Well Improvement Capital Project Fund	433,094
Total Nonoperating Revenues	\$412,056
Income (Loss) Before Contributions and Transfers	\$541,554
Transfers From (To) From Other Funds	(65,000)
Change in Net Assets	\$476,554
Total Net Assets, Beginning	7,827,778
Total Net Assets, Ending	\$8,304,332

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, 2012

	Major Fund
	Water
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>	
Cash Received From Customers	\$1,049,802
Cash Paid for Goods and Services	(445,287)
Cash Paid to Employees for Services	(312,743)
Customer Deposits Received	14,675
Customer Deposits Returned	(12,675)
Other Operating Revenues	63,751
Net Cash Provided (Used) by Operating Activities	\$357,523
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>	
Transfers In (Out)	(\$65,000)
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>	
Acquisition and Construction of Capital Assets	(\$398,048)
Principal Paid on Indebtedness	(5,529)
Interest Paid on Indebtedness	(21,421)
Capital Contribution - State Grant	433,094
Net Cash Used by Capital and Related Financing Activities	\$8,096
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Interest on Investments	\$383
Net Increase (Decrease) in Cash and Cash Equivalents	\$301,002
Cash and Cash Equivalents, July 1	1,437,686
Cash and Cash Equivalents, June 30	\$1,738,688
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	\$129,498
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$220,039
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	9,493
Decrease (Increase) in Notes Receivable	14,001
Decrease (Increase) in Inventory	(8,496)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(2,660)
Increase (Decrease) in Customer Deposits	2,000
Increase (Decrease) in Accrued Vacation Payable	(6,352)
Total Adjustments	\$228,025
Net Cash Provided by (Used by) Operating Activities	\$357,523

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2012

	Agency Fund
<u>Assets</u>	
Cash and Cash Equivalents	\$78,035
Accounts Receivable	6,125
	\$84,160
Total Assets	\$84,160
<u>Liabilities and Net Assets</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$84,160
	\$84,160
Total Liabilities	\$84,160
<i>Net Assets:</i>	
Assets Held in Trust	\$0

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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

Nonmajor Funds – The County maintains five legally budgeted funds. The Property Revaluation Fund, the Emergency Telephone System Fund, the Community Development Block Grant Fund, and the Energy Retrofit Fund are reported as nonmajor special revenue funds. The Jones Senior High School Gymnasium Capital Project Fund is reported as a nonmajor capital project fund.

Measurement Focus, Basis of Accounting

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

C. BUDGETARY DATA

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 \$2,635,126 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. ASSETS, LIABILITIES, AND FUND EQUITY

1. Deposits and Investments

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

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

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

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

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

4. Restricted Cash

As a part of the loan agreement with the US Department of Agriculture (USDA), the County has restricted cash equal to one annual loan payment including interest. To meet this requirement, the County has purchased a certificate of deposit at Branch Bank and Trust Company. The total amount of the cash restriction, by the terms of the loan agreement, was \$27,302 at June 30, 2012. 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 \$118,039 at June 30, 2012. Money in the Tax Revaluation Fund in the amount of \$150,751 is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 2011. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

6. Allowances for Doubtful Accounts

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

7. Inventories and Prepaid Items

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

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

8. Capital Assets

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

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

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

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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.

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$1,958,845 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)	\$8,979,898
Less Accumulated Depreciation	(2,950,388)
Net Capital Assets	\$6,029,510
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	86,748
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	949,745
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	(4,773,440)
Compensated absences	(284,434)
Accrued interest payable	(19,311)
Net pension obligation	(29,973)
Total Adjustment	\$1,958,845

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$1,961,371) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$483,432
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	(332,255)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	415,699
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	(30,830)
Net pension obligation is accrued in the government-wide statements but not the fund statements because it does not use current resources.	(9,253)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	1,398
Net book value of assets sold	(12,426)
Special Item - Capital Contribution to Jones County Board of Education	(2,556,000)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/01/11	(609,601)
Recording of tax receipts deferred in the fund statements as of 6/30/12	644,751
Increase in accrued taxes receivable for year ended 6/30/12	9,185
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	34,529
Total Adjustment	<u>(\$1,961,371)</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Noncompliance with North Carolina General Statutes

None noted.

B. DEFICIT FUND BALANCE OR NET ASSETS OF INDIVIDUAL FUNDS

None noted.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended June 30, 2012, the County reported the following expenditure that violated State law [G.S. 159-28] because it exceeded the amount appropriated in the budget ordinance. Management will monitor budgets closely in the future to avoid expenditures in excess of appropriations.

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
Community Development Block Grant Fund			
Economic Development - Coastal Beverage Water Imp.	\$373,850	\$389,731	\$15,881
Energy Retrofit Fund			
General Government	\$156,465	\$158,396	\$1,931
Jones Senior High School Gymnasium Capital Project Fund			
Education	\$2,500,000	\$2,556,000	\$56,000
Well Improvement Enterprise Capital Project Fund			
Engineering	\$45,000	\$122,551	\$77,551

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 2012, the County's deposits had a carrying amount of \$1,906,367 and a bank balance of \$2,176,909. Of the bank balance, \$395,223 was covered by federal depository insurance and \$1,781,686 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2012, Jones County had \$1,200 cash on hand.

At June 30, 2012, the carrying amount of deposits for Jones County ABC Board was \$27,076 and the bank balance was \$38,855. All of the bank balance was covered by federal depository insurance. At June 30, 2012, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2012, the County's investment balances were as follows:

	Fair Value
NC Capital Management Trust - Cash Portfolio	\$6,805,326
Total Investments	\$6,805,326

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, 2012. The County has no policy on credit risk.

At June 30, 2012, the ABC Board had no investments.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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.

Year Levied	Tax	Interest	Total
2011	\$654,130	\$37,612	\$691,742
2010	606,777	89,500	696,277
2009	601,998	142,975	744,973
2008	591,819	193,821	785,640
Total	\$2,454,724	\$463,908	\$2,918,632

4. Receivables

Receivables at the government-wide level at June 30, 2012, were as follows:

	Taxes and			Total
	Accounts	Related Accrued Interest	Due From Other Governments	
Governmental Activities:				
General	\$278,774	\$750,499	\$456,405	\$1,485,678
Other Governmental	1,046		10,777	11,823
Total Receivables	\$279,820	\$750,499	\$467,182	\$1,497,501
Allowance for Doubtful Accounts	(63,800)	(19,000)		(82,800)
Total Governmental Activities	\$216,020	\$731,499	\$467,182	\$1,414,701
Business-type Activities:				
Water	\$199,898			\$199,898
Total Receivables	\$199,898	\$0	\$0	\$199,898
Allowance for Doubtful Accounts	(49,200)			(49,200)
Total Business-type Activities	\$150,698	\$0	\$0	\$150,698

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

Various Human Services Revenues	\$197,288
Local option sales tax	178,620
Sales tax	64,014
PSAP Revenue	10,777
NCDOT-Governor's Hwy Safety Program	12,259
Scrap Tire	3,179
NC Dept of Commerce - CDBG	1,045
	\$467,182

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 April 5, 2002 to Blue Rock Structures for \$12,500. Blue Rock is an engineering construction firm and has used the proceeds to assist with the construction of an office within the County. The terms of the loan call for monthly payments of \$125 for ten years including interest at 3.75%. This loan was paid in full on April 1, 2012.

The third 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 is continuing to make monthly payments.

The fourth loan was made on January 24, 2007 to Selds, Inc. for \$40,000. Selds, Inc. is a military based microchip business and has used the proceeds to renovate their shop building. The terms of the loan call for 12 monthly interest payments followed by 48 monthly payments of \$453 which include principal and interest. Additionally, agreement calls for \$20,000 repayment upon sale of borrower's real property. The loan carries an interest rate of 4.125%. This loan was paid in full on March 21, 2012.

The fifth 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 ending January 2013.

The sixth loan was made on June 30, 2010 to Jag Development Company for water lines installed at Colonial Crossing housing development. The terms of the loan call for monthly payments of \$1,303, beginning July 1, 2010 including interest at 4% for two years. One final payment of \$1,298 is due on June 1, 2012. Final payment was not received on time but loan was paid in full in July 2012. This note receivable is recorded in the Water Fund.

The following summarizes the expected collection on these notes:

Principal Amounts Due for the Year Ended June 30:	SRS	TIMELESS CUSTOMS	DEFENSE HOLDINGS, INC.	(WATER FUND) JAG DEV. COMPANY	TOTAL
2013	\$9,780	\$27,647	\$76,554	\$1,298	\$115,279
2014	9,608		74,243		83,851
2015	4,174		77,886		82,060
2016			81,708		81,708
2017			85,717		85,717
2018-2022			495,963		495,963
2023-2027			65,948		65,948
	\$23,562	\$27,647	\$958,019	\$1,298	\$1,010,526

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$419,271	\$15,706	\$200	\$434,777
Construction in Progress	2,395,660	160,340	2,556,000	
Total Capital Assets Not Being Depreciated	\$2,814,931	\$176,046	\$2,556,200	\$434,777
Capital Assets Being Depreciated:				
Buildings	\$6,592,572	\$152,158		\$6,744,730
Infrastructure	152,235			152,235
Equipment	1,653,674	155,228	\$160,746	1,648,156
Total Capital Assets Being Depreciated	\$8,398,481	\$307,386	\$160,746	\$8,545,121
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,696,412	\$162,546		\$1,858,958
Infrastructure	24,472	3,045		27,517
Equipment	1,045,769	166,664	\$148,520	1,063,913
Total Accumulated Depreciation	\$2,766,653	\$332,255	\$148,520	\$2,950,388
<i>Total Capital Assets Being Depreciated, Net</i>	\$5,631,828			\$5,594,733
Governmental Activity Capital Assets, Net	\$8,446,759			\$6,029,510

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

General Government	\$105,546
Public Safety	109,445
Environmental Protection	5,605
Economic and Physical Development	30,711
Human Services	36,730
Cultural and Recreational	44,218
Total Depreciation Expense	\$332,255

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

5. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$35,708	\$19,100		\$54,808
Construction in Progress	324,433	361,823	\$686,256	
<i>Total Capital Assets Not Being Depreciated</i>	\$360,141	\$380,923	\$686,256	\$54,808
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$10,312,215	\$675,192		\$10,987,407
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	328,910	28,190	\$53,948	303,152
Total Assets Being Depreciated	\$10,693,500	\$703,382	\$53,948	\$11,342,934
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$3,846,539	\$214,443		\$4,060,982
Machinery and Equipment	52,377			52,377
Vehicles and Construction Equipment	324,974	5,596	\$53,948	276,622
Total Accumulated Depreciation	\$4,223,890	\$220,039	\$53,948	\$4,389,981
<i>Total Capital Assets Being Depreciated, Net</i>	\$6,469,610			\$6,952,953
Business-type Activity Capital Assets, Net	\$6,829,751			\$7,007,761

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$15,073	\$0	\$0	\$15,073
Capital Assets Being Depreciated:				
Buildings	\$81,739			\$81,739
Furniture/Equipment	82,810	\$8,000	\$9,456	81,354
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$180,151	\$8,000	\$9,456	\$178,695
Less Accumulated Depreciation For:				
Buildings	\$70,709	\$1,353		\$72,062
Furniture/Equipment	76,116	3,310	\$9,456	69,970
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$162,427	\$4,663	\$9,456	\$157,634
<i>Total Capital Assets Being Depreciated, Net</i>	\$17,724			\$21,061
Business-type Activity Capital Assets, Net	\$32,797			\$36,134

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$517,545	\$46,823	\$19,311	\$583,679
Other Governmental	8,080			8,080
Total Governmental Activities	\$525,625	\$46,823	\$19,311	\$591,759
Business-type Activities:				
Water Fund	\$37,910	\$3,927		\$41,837
Total Business-type Activities	\$37,910	\$3,927	\$0	\$41,837

The amount of \$517,545 which comprises the General Fund Vendors payables includes \$260,344 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 6.99% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.04% 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, 2012, 2011, and 2010 were \$261,853, \$243,801, and \$170,877, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$6,952, \$6,315, and \$4,506, 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, 2011, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	17
	17
Total	17

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, 2012

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, 2011 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, 2011 was 19 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	\$9,453
Interest on Net Pension Obligation	1,036
Adjustment to Annual Required Contribution	(1,236)
Annual Pension Cost	\$9,253
 Contributions Made	 0
 Increase (Decrease) in Net Pension Obligation	 \$9,253
 Net Pension Obligation - Beginning of Year	 20,720
Net Pension Obligation - End of Year	\$29,973

3 YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	4,149	0%	14,137
June 30, 2011	6,583	0%	20,720
June 30, 2012	9,253	0%	29,973

4. Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$19,264 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,264. The covered payroll (annual payroll of active employees covered by the plan) was \$477,085, and the ratio of the UAAL to the covered payroll was 4.04 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, 2012

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, 2012 were \$59,792, which consisted of \$32,296 from the County and \$27,496 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, 2012, the County's required and actual contributions were \$767.

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, 2012

3. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid Property Taxes Not Yet Earned (General)		\$40,449
Prepaid Rent (General)		1,500
Taxes Receivable, Net (General), less penalties	\$644,751	
EMS Receivables, Net	80,807	
Other Receivables Not Available at Year End	224,187	
Total	\$949,745	\$41,949

4. Risk Management

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

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

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

5. Contingent Liabilities

At June 30, 2012, 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, 2012 balance was \$1,381,130.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$19,913	\$58,717	\$78,630
2014	20,759	57,871	78,630
2015	21,642	56,988	78,630
2016	22,561	56,069	78,630
2017	23,520	55,110	78,630
2018-2022	133,472	259,678	393,150
2023-2027	164,350	228,800	393,150
2028-2032	202,372	190,778	393,150
2033-2037	249,191	143,959	393,150
2038-2042	306,840	86,310	393,150
2043-2047	216,510	18,688	235,198
	\$1,381,130	\$1,212,968	\$2,594,098

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, 2012 balance was \$192,031.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$16,017	\$7,921	\$23,938
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
2018-2022	105,060	13,242	118,302
	\$192,031	\$45,961	\$237,992

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 2012 balance was \$291,964.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$81,071		\$81,071
2014	81,071		81,071
2015	81,071		81,071
2016	32,500		32,500
2017	16,251		16,251
	\$291,964	\$0	\$291,964

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, 2012 balance was \$484,099.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$6,008	\$20,942	\$26,950
2014	6,271	20,679	26,950
2015	6,545	20,405	26,950
2016	6,832	20,118	26,950
2017	7,130	19,820	26,950
2018-2022	40,614	94,136	134,750
2023-2027	50,311	84,439	134,750
2028-2032	62,321	72,429	134,750
2033-2037	77,201	57,549	134,750
2038-2042	95,631	39,119	134,750
2043-2047	118,463	16,287	134,750
2048-2052	6,772	59	6,831
	\$484,099	\$465,982	\$950,081

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 2012 balance was \$125,000.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$50,000		\$50,000
2014	50,000		50,000
2015	25,000		25,000
	\$125,000	\$0	\$125,000

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, 2012 balance was \$62,035.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$30,582	\$1,768	\$32,350
2014	31,453	897	32,350
	\$62,035	\$2,665	\$64,700

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, 2012, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$28,470	\$20,878	\$7,592

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	
2013	\$3,698
2014	3,698
Total minimum lease payments	\$7,396
Less: Amount representing interest	395
Present value of the minimum lease payments	\$7,001

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, 2012 balance was \$380,946.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$50,413		\$50,413
2014	50,413		50,413
2015	50,413		50,413
2016	50,413		50,413
2017	50,413		50,413
2018-2022	128,881		128,881
	\$380,946	\$0	\$380,946

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, 2012 balance was \$2,053,333.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$146,667		\$146,667
2014	146,667		146,667
2015	146,667		146,667
2016	146,667		146,667
2017	146,667		146,667
2018-2022	733,335		733,335
2023-2027	586,663		586,663
	\$2,053,333	\$0	\$2,053,333

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 2012 balance was \$280,000.

During the Year Ending June 30,	Principal	Interest	Total
2013	\$20,000	\$3,780	\$23,780
2014	20,000	3,510	23,510
2015	20,000	3,240	23,240
2016	20,000	2,970	22,970
2017	20,000	2,700	22,700
2018-2022	100,000	9,450	109,450
2023-2027	80,000	2,700	82,700
	\$280,000	\$28,350	\$308,350

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$2,059,161 relates to assets the County holds title.

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, 2012:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$10,313		\$3,312	\$7,001	\$3,436
USDA Loan	1,400,249		19,119	1,381,130	19,913
Qualified Zone Academy Bonds	431,358		50,412	380,946	50,413
Eastern Region Loan	207,413		15,382	192,031	16,017
Jones-Onslow EMC Loan	373,036		81,072	291,964	81,071
Lenoir Community College	175,000		50,000	125,000	50,000
Installment Purchase	91,770		29,735	62,035	30,582
Qualified School Construction Bonds	2,500,000		166,667	2,333,333	166,667
Net Pension Obligation	20,720	\$9,253		29,973	
Compensated Absences	253,604	125,709	94,879	284,434	
Total Governmental Activities	\$5,463,463	\$134,962	\$510,578	\$5,087,847	\$418,099
Business-type Activity:					
USDA Loan	\$489,628		\$5,529	\$484,099	\$6,008
Compensated Absences	34,670	\$14,667	21,019	28,318	
Total	\$524,298	\$14,667	\$26,548	\$512,417	\$6,008

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

C. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<i>Special Revenue Fund:</i>		
Community Development Block Grant Fund	General Fund	\$6,864
		<u>\$6,864</u>

Transfers to/from other funds for the year ended June 30, 2012 were made to supplement other funding sources and consist of the following:

	<u>TRANSFERS</u>	
	<u>FROM</u>	<u>TO</u>
Operating Transfers From / To Other Funds		
General Fund:		
Special Revenue Fund		\$57,813
Capital Projects Fund	\$1,718	
Enterprise Fund	65,000	
Special Revenue Fund:		
General Fund	42,111	
General Fund - Local County Contribution (CDBG)	15,702	
Capital Projects Fund:		
General Fund		1,718
Enterprise Fund:		
General Fund		65,000
Total Operating Transfers	<u>\$124,531</u>	<u>\$124,531</u>

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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	\$7,204,635
Less:	
Inventories	1,779
Stabilization by State Statute	1,368,749
Register of Deeds	39,041
Health Department	267,810
Facility Fees	47,549
White Goods	29,201
Schools	1,695,911
Economic Development	671,619
Long-Term Screening	107,755
Civic Center	64,778
Transportation	5,074
Working Capital/Fund Balance Policy	2,905,369
	<hr/>
Remaining Fund Balance	<u><u>\$0</u></u>

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, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$103,173 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 \$64,069 and \$0 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

statements at June 30, 2012. 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 \$27,695 for the operation of the Center during the fiscal year ended June 30, 2012. 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, 2012. 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, 2012, the portion of the trust available to be loaned exclusively to Jones County was \$559,204.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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	\$9,920,492	\$5,947,100
Supplemental Nutrition Assistance Program	3,661,305	
Temporary Assistance For Needy Families	42,318	
WIC	145,376	
Supplemental Assistance		99,336
Energy Assistance	22,600	
Foster Care	31,747	
Adoption Assistance	9,801	2,427
NC Health Choice	9,048	267
Total	\$13,842,687	\$6,049,130

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

IX. SPECIAL ITEM – DONATED ASSET

The County made a capital contribution to the Jones County Board of Education in the amount of \$2,556,000 which represents the cost of constructing the Jones Senior High School gymnasium.

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, 2012

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%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2012

<u>Year Ending June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1998	\$4,824	177%
1999	4,275	200%
2000	3,557	293%
2001	4,166	148%
2002	3,389	69%
2003	4,003	0%
2004	6,076	0%
2005	5,375	0%
2006	4,855	0%
2007	3,464	0%
2008	3,879	0%
2009	2,081	0%
2010	4,149	0%
2011	6,583	0%
2012	9,253	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	12/31/11
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	19 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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$5,324,317	\$5,322,553	(\$1,764)
Penalties and Interest	45,900	52,041	6,141
Total Ad Valorem Taxes	\$5,370,217	\$5,374,594	\$4,377
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$895,000	\$975,952	\$80,952
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$43,000	\$43,418	\$418
Scrap Tire Disposal Tax	20,000	20,604	604
Solid Waste Disposal Tax	5,000	7,080	2,080
Total Other Taxes and Licenses	\$68,000	\$71,102	\$3,102
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$99,000	\$98,675	(\$325)
Beer & Wine Tax	37,000	37,006	6
Total Unrestricted Intergovernmental Revenue	\$136,000	\$135,681	(\$319)
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$3,963,259	\$3,311,274	(\$651,985)
Court Facilities Fees	35,000	31,543	(3,457)
ABC - 5 cent Bottle Tax	3,000	3,402	402
ABC - 1 cent Bottle Tax	150	222	72
Correction and Rehab Center Grant	56,253	52,845	(3,408)
Juvenile Justice and Delinquency	86,270	86,595	325
Veterans Commission		1,452	1,452
Child Abuse	150	155	5
Domestic Violence	750	930	180
Inmate Food Reimbursement	5,200	1,475	(3,725)
National Forest Receipts/Schools	53,200	53,887	687
FEMA - Hurricane Irene	62,000	61,829	(171)
HAVA - Election Voting Machines		3,567	3,567
Golden Leaf Grant	43,635		(43,635)
Lottery Funds	150,000	150,000	
DWI/Safe Roads Act	1,200	1,333	133
Emergency Management	21,000	32,822	11,822
Soil Conservation	47,069	108,157	61,088
Total Restricted Intergovernmental Revenue	\$4,528,136	\$3,901,488	(\$626,648)

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine		\$290	\$290
Concealed/Handgun Permits	\$11,000	11,125	125
Building and Other Permits and Fees	107,991	132,066	24,075
Register of Deeds	42,000	44,536	2,536
Marriage Licenses	600	775	175
Franchise - Cable TV	6,000	7,696	1,696
Total Permits & Fees	\$167,591	\$196,488	\$28,897
Sales and Services:			
Jail and Officer Fees	\$29,600	\$32,325	\$2,725
EMS Fees	302,000	305,930	3,930
Town Tax Billings & Collection	15,250	12,389	(2,861)
Vending Machines	1,000	409	(591)
Solid Waste/Recycling	114,273	115,885	1,612
Curbside Service	285,200	279,243	(5,957)
Total Sales & Services	\$747,323	\$746,181	(\$1,142)
Total Investment Earnings	\$60,000	\$54,525	(\$5,475)
Other Revenues:			
Rent - Economic Development	\$59,050	\$72,573	\$13,523
Civic Center Rent	22,000	17,938	(4,062)
FSA Rent	4,480	4,480	
Insurance Proceeds	827,660	779,944	(47,716)
Goshen Medical Clinic	30,000	30,000	
Sale of Fixed Assets	25,000	26,856	1,856
Other	17,470	33,133	15,663
Total Other Revenues	\$985,660	\$964,924	(\$20,736)
TOTAL REVENUES	\$12,957,927	\$12,420,935	(\$536,992)

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$58,485	\$57,798	\$687
Operating Expenses	44,900	36,031	8,869
Insurance Other Than Property	200,763	176,385	24,378
Total	\$304,148	\$270,214	\$33,934
Elections:			
Salaries & Employee Benefits	\$83,102	\$72,524	\$10,578
Operating Expenses	31,690	25,685	6,005
Total	\$114,792	\$98,209	\$16,583
Finance:			
Salaries & Employee Benefits	\$175,457	\$173,850	\$1,607
Operating Expenses	61,550	44,409	17,141
Total	\$237,007	\$218,259	\$18,748
Taxes:			
Salaries & Employee Benefits	\$203,558	\$195,621	\$7,937
Operating Expenses	121,052	102,548	18,504
Capital	8,092	8,092	
Total	\$332,702	\$306,261	\$26,441
Legal:			
Contracted Services	\$95,500	\$69,011	\$26,489
Jury Commission:			
Salaries & Employee Benefits	\$270	\$157	\$113
Operating Expenses	800	889	(89)
Total	\$1,070	\$1,046	\$24
Register of Deeds:			
Salaries & Employee Benefits	\$85,544	\$83,858	\$1,686
Operating Expenses	56,450	48,966	7,484
Total	\$141,994	\$132,824	\$9,170
Public Buildings:			
Salaries & Employee Benefits	\$88,190	\$83,378	\$4,812
Operating Expenses	157,540	134,732	22,808
Building Improvement	215,000	160,897	54,103
Hurricane Irene	950,000	894,471	55,529
Capital	58,750	64,254	(5,504)
Total	\$1,469,480	\$1,337,732	\$131,748

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Salaries & Employee Benefits	\$20,955	\$17,299	\$3,656
Operating Expenses	45,312	21,507	23,805
	\$66,267	\$38,806	\$27,461
Administration:			
Salaries & Employee Benefits	\$149,011	\$148,603	\$408
Operating Expenses	34,455	20,562	13,893
Total	\$183,466	\$169,165	\$14,301
Computer:			
Operating Expenses	\$98,833	\$61,136	\$37,697
TOTAL GENERAL GOVERNMENT	\$3,045,259	\$2,702,663	\$342,596
Public Safety:			
Sheriff's Department:			
Salaries & Employee Benefits	\$720,617	\$671,050	\$49,567
Operating Expenses	311,750	283,832	27,918
Capital	127,660	130,591	(2,931)
Total	\$1,160,027	\$1,085,473	\$74,554
County Jail:			
Salaries & Employee Benefits	\$419,274	\$392,767	\$26,507
Operating Expenses	552,350	460,192	92,158
Total	\$971,624	\$852,959	\$118,665
Inspections:			
Salaries & Employee Benefits	\$108,944	\$81,244	\$27,700
Operating Expenses	13,050	12,848	202
Capital	16,000		16,000
Total	\$137,994	\$94,092	\$43,902
Correction/Rehab Center:			
Operating Expenses	\$56,253	\$50,437	\$5,816
Emergency Management:			
Salaries & Employee Benefits	\$49,696	\$49,463	\$233
Operating Expenses	5,500	2,175	3,325
Total	\$55,196	\$51,638	\$3,558
Emergency Services:			
Salaries & Employee Benefits	\$434,744	\$372,535	\$62,209
Operating Expenses	335,358	308,900	26,458
Aid to Local Fire Department	56,295	56,295	
Aid to Local Rescue Squads	43,410	43,410	
Total	\$869,807	\$781,140	\$88,667

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Communication System:			
Salaries & Employee Benefits	\$7,536	\$8,138	(\$602)
Operating Expenses	126,570	32,432	94,138
Total	\$134,106	\$40,570	\$93,536
Medical Examiner:			
Professional Services	\$6,000	\$3,600	\$2,400
Rabies Control:			
Salaries & Employee Benefits	\$9,306	\$5,238	\$4,068
Operating Expenses	6,000	5,660	340
Total	\$15,306	\$10,898	\$4,408
TOTAL PUBLIC SAFETY	\$3,406,313	\$2,970,807	\$435,506
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$43,094	\$48,367	(\$5,273)
Operating Expenses	266,775	246,597	20,178
Contracted Services	154,700	114,130	40,570
Total	\$464,569	\$409,094	\$55,475
State Forest Protection	\$66,010	\$65,244	\$766
Soil Conservation:			
Salaries & Employee Benefits	\$92,252	\$91,933	\$319
Operating Expenses	9,632	3,982	5,650
Total	\$101,884	\$95,915	\$5,969
TOTAL ENVIRONMENTAL PROTECTION	\$632,463	\$570,253	\$62,210
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$116,267	\$106,160	\$10,107
Operating Expenses	52,510	37,971	14,539
Total	\$168,777	\$144,131	\$24,646

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Salaries & Employee Benefits	\$47,214	\$42,296	\$4,918
Operating Expenses	28,385	20,506	7,879
Capital	20,000	15,706	4,294
Total	\$95,599	\$78,508	\$17,091
Neuse River Council of Governments:			
Allocation & Expenses	\$3,067	\$3,013	\$54
Commissions, Committees & Councils Planning:			
Operating Expenses	\$16,400	\$11,290	\$5,110
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$283,843	\$236,942	\$46,901
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$401,912	\$305,524	\$96,388
Operating Expenses	107,577	100,663	6,914
Total	\$509,489	\$406,187	\$103,302
Tuberculosis:			
Salaries and Employee Benefits	\$2,530	\$2,530	
Operating Expenses	797	797	
Total	\$3,327	\$3,327	\$0
Bioterrorism			
Salaries and Employee Benefits	\$26,720	\$26,020	\$700
Operating Expenses	10,884	11,584	(700)
Total	\$37,604	\$37,604	\$0
Aids			
	\$500	\$500	\$0
Communicable Disease:			
Salaries & Employee Benefits	\$8,296	\$8,296	
Operating Expenses	3,902	3,902	
Total	\$12,198	\$12,198	\$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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$53,682	\$53,676	\$6
Operating Expenses	20,233	20,238	(5)
Total	\$73,915	\$73,914	\$1
Maternity Care:			
Salaries & Employee Benefits	\$15,725	\$15,725	\$0
Environmental Health:			
Salaries & Employee Benefits	\$11,455	\$11,455	
Operating Expenses	1,545	1,545	
Total	\$13,000	\$13,000	\$0
Food & Lodging:			
Operating Expenses	\$1,829	\$1,829	\$0
Cancer Prevention:			
Operating Expenses	\$6,250	\$6,250	\$0
Immunization Action Plan:			
Salaries & Employee Benefits	\$4,741	\$4,741	
Operating Expenses	2,196	2,196	
Total	\$6,937	\$6,937	\$0
Maternal & Child Health:			
Salaries & Employee Benefits	\$26,306	\$26,303	\$3
Operating Expenses	21,818	21,821	(3)
Total	\$48,124	\$48,124	\$0
Women, Infants & Children Supplement Food:			
Salaries & Employee Benefits	\$62,951	\$63,846	(\$895)
Operating Expenses	11,389	10,494	895
Total	\$74,340	\$74,340	\$0
School Health Education:			
Salaries & Employee Benefits	\$50,453	\$50,448	\$5
Operating Expenses	192	197	(5)
Total	\$50,645	\$50,645	\$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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Health Promotions:			
Salaries & Employee Benefits	\$1,832	\$1,832	
Operating Expenses	6,777	6,778	(\$1)
Total	\$8,609	\$8,610	(\$1)
Child Services - Coordinator:			
Salaries & Employee Benefits	\$13,880	\$13,880	
Operating Expenses	3,455	3,455	
Total	\$17,335	\$17,335	\$0
Family Based Counseling:			
Operating Expenses	\$76,270	\$76,270	\$0
Wellness:			
Salaries & Employee Benefits	\$66,977	\$69,124	(\$2,147)
Operating Expenses	6,658	4,511	2,147
Total	\$73,635	\$73,635	\$0
Mosquito Control:			
Operating Expenses	\$3,300	\$2,219	\$1,081
Diabetes:			
Operating Expenses	\$250	\$250	\$0
Teen Pregnancy Prevention:			
Salaries & Employee Benefits	\$41,682	\$41,676	\$6
Operating Expenses	33,338	33,344	(6)
Total	\$75,020	\$75,020	\$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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
H.E.A.L.T.H.Y.:			
Salaries & Employee Benefits	\$2,304	\$2,304	
Operating Expenses	2,659	2,659	
Total	\$4,963	\$4,963	\$0
Healthy Carolinian:			
Salaries & Employee Benefits	\$5,900	\$5,900	
Operating Expenses	5,350	5,350	
Total	\$11,250	\$11,250	\$0
Miracle Health Disparities Grant:			
Salaries & Employee Benefits	\$20,825	\$20,825	
Operating Expenses	75	75	
Total	\$20,900	\$20,900	\$0
Maternity Care:			
Operating Expenses	\$402	\$402	\$0
Total Health	\$1,145,817	\$1,041,434	\$104,383
Mental Health:			
Administration:			
Regional Allocation	\$24,071	\$24,071	
Bottle Tax	4,600	3,624	\$976
Total Mental Health	\$28,671	\$27,695	\$976
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,251,455	\$1,199,215	\$52,240
Operating Expenses	954,254	615,570	338,684
Total	\$2,205,709	\$1,814,785	\$390,924
AFDC Program:			
Extra Items	\$6,000	\$4,291	\$1,709
Foster Care	60,000	29,033	30,967
Total	\$66,000	\$33,324	\$32,676

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Medicaid Program:			
County Participation Only	\$27,000	\$12,984	\$14,016
Child Protective Services	\$100	\$0	\$100
Foster Care	\$20,000	\$750	\$19,250
General Assistance	\$1,150	\$260	\$890
Aid to Blind	\$1,605	\$1,200	\$405
Day Care - County Participation	\$474,059	\$470,610	\$3,449
Food Stamp - EBT	\$5,456	\$4,071	\$1,385
Child Support Office	(\$10,000)	\$0	(\$10,000)
Title III - Homemaker:			
Salaries & Employee Benefits	\$60,210	\$51,772	\$8,438
Operating Expenses	2,280	1,655	625
Total	\$62,490	\$53,427	\$9,063
Work First Jobs Program	\$40,300	\$8,780	\$31,520
Work First Family Assistance	\$1,000	\$0	\$1,000
Supplemental Assistance	\$123,208	\$103,082	\$20,126
Medicaid Transportation	\$425,000	\$270,323	\$154,677
Crisis Intervention	\$99,944	\$33,155	\$66,789
Emergency Assistance	\$26,075	\$22,759	\$3,316
Adoption Assistance	\$4,779	\$2,226	\$2,553
Energy Assistance - Progress Energy	\$3,419	\$764	\$2,655
Adult & Youth Services	\$3,500	\$1,382	\$2,118
Long-Term Care Screening	\$8,000	\$4,313	\$3,687
Domestic Violence	\$6,789	\$485	\$6,304
Total Social Services	\$3,595,583	\$2,838,680	\$756,903

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Veterans Service Officer:			
Salaries & Employee Benefits	\$20,801	\$19,978	\$823
Operating Expenses	3,450	1,150	2,300
Total Veterans Service Officer	\$24,251	\$21,128	\$3,123
Rural Transportation	\$92,154	\$79,931	\$12,223
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$29,690	\$29,790	(\$100)
Title V	114,108	87,480	26,628
Transportation	30,991	33,977	(2,986)
SR Services Outreach	5,500	3,236	2,264
General Purpose	6,000	5,718	282
Total Tri-County Senior Citizens	\$186,289	\$160,201	\$26,088
TOTAL HUMAN SERVICES	\$5,072,765	\$4,169,069	\$903,696
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$28,258	\$32,131	(\$3,873)
Operating Expenses	27,000	21,337	5,663
Total	\$55,258	\$53,468	\$1,790
Civic Center:			
Salaries & Employee Benefits		\$188	(\$188)
Operating Expenses	\$53,680	42,604	11,076
Total	\$53,680	\$42,792	\$10,888
Interagency Council:			
Operating Expenses	\$7,700	\$6,417	\$1,283
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$105,793	\$103,173	\$2,620
TOTAL CULTURAL AND RECREATIONAL	\$224,206	\$207,625	\$16,581

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
Education:			
Public Schools:			
Current Expense	\$2,522,151	\$1,742,107	\$780,044
Forest Receipts	50,000	50,619	(619)
Capital Outlay	100,000	100,000	
Total	\$2,672,151	\$1,892,726	\$779,425
Community College:			
Salaries & Employee Benefits	\$13,971	\$11,533	\$2,438
Operating Expenses	63,856	64,069	(213)
Total	\$77,827	\$75,602	\$2,225
TOTAL EDUCATION	\$2,749,978	\$1,968,328	\$781,650
Debt Service:			
Principal Retirement	\$415,699	\$415,699	
Interest	99,054	75,118	\$23,936
Total	\$514,753	\$490,817	\$23,936
Miscellaneous - County	\$193,716	\$105,558	\$88,158
TOTAL EXPENDITURES	\$16,123,296	\$13,422,062	\$2,701,234
Revenues Over (Under) Expenditures	(\$3,165,369)	(\$1,001,127)	\$2,164,242
OTHER FINANCING SOURCES (USES):			
<i>Transfers from Other Funds:</i>			
Enterprise Fund	\$65,000	\$65,000	
Capital Projects Fund	1,719	1,718	(\$1)
<i>Transfers to Other Funds:</i>			
Special Revenue Fund	(80,000)	(57,813)	22,187
Appropriated Fund Balance	3,178,650		(3,178,650)
Total Other Financing Sources (Uses)	\$3,165,369	\$8,905	(\$3,156,464)
NET CHANGE IN FUND BALANCE	\$0	(\$992,222)	(\$992,222)
FUND BALANCES:			
Beginning of Year, July 1		8,196,857	
End of Year, June 30		\$7,204,635	

COMBINING STATEMENTS FOR NON-MAJOR FUNDS

Special Revenue Funds

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

Capital Project Fund

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

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue Funds			Total	
	Property Revaluation Fund	Emergency Telephone System Fund	Community Development Block Grant	Non-major Special Revenue Governmental Funds	Total Non-major Governmental Funds
ASSETS					
Cash and Investments		\$304,995		\$304,995	\$304,995
Restricted Cash	\$150,751			150,751	150,751
Accounts Receivable, Net			\$1,046	1,046	1,046
Due From Other Governments		10,777		10,777	10,777
Due From Other Funds			6,864	6,864	6,864
TOTAL ASSETS	\$150,751	\$315,772	\$7,910	\$474,433	\$474,433
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable		\$170	\$7,910	\$8,080	\$8,080
Total Liabilities	\$0	\$170	\$7,910	\$8,080	\$8,080
Fund Balances:					
Restricted:					
Stabilization by State Statute		\$10,777		\$10,777	\$10,777
Committed	\$150,751	304,825		455,576	455,576
Total Fund Balances	\$150,751	\$315,602	\$0	\$466,353	\$466,353
TOTAL LIABILITIES AND FUND BALANCES	\$150,751	\$315,772	\$7,910	\$474,433	\$474,433

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2012

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Jones Senior High School Gymnasium Capital Project Fund	Total Nonmajor Governmental Funds
	Property Revaluation Fund	Emergency Telephone System Fund	Community Development Block Grant			
REVENUES:						
Restricted Intergovernmental		\$129,318	\$175,206	\$139,299	\$443,823	\$443,823
Investment Earnings					\$44	44
Total Revenues	\$0	\$129,318	\$175,206	\$139,299	\$443,823	\$443,867
EXPENDITURES:						
General Government				\$158,396	\$158,396	\$158,396
Public Safety		\$246,809			246,809	246,809
Economic & Physical Development			\$190,908		190,908	190,908
Education					\$160,340	160,340
Total Expenditures	\$0	\$246,809	\$190,908	\$158,396	\$596,113	\$756,453
Revenues Over (Under) Expenditures	\$0	(\$117,491)	(\$15,702)	(\$19,097)	(\$152,290)	(\$312,586)
OTHER FINANCING SOURCES (USES):						
Transfers From (To) Other Funds	\$25,000		\$15,702	\$17,111	\$57,813	\$56,095
Contributed Capital from Jones County BOE					56,000	56,000
Total Other Financing Sources (Uses)	\$25,000	\$0	\$15,702	\$17,111	\$54,282	\$112,095
Net Change in Fund Balances	\$25,000	(\$117,491)	\$0	(\$1,986)	(\$94,477)	(\$200,491)
FUND BALANCES:						
Beginning of Year, July 1	125,751	433,093		1,986	560,830	666,844
End of Year, June 30	\$150,751	\$315,602	\$0	\$0	\$466,353	\$466,353

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, 2012

	Annual Budget	2012 Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES:			
Operating Transfer From General Fund	\$50,000	\$25,000	(\$25,000)
Appropriated Fund Balance	(50,000)		50,000
Total Other Financing Sources	\$0	\$25,000	\$25,000
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$25,000	\$25,000
FUND BALANCE:			
Beginning of Year, July 1		125,751	
End of Year, June 30		\$150,751	

JONES COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2012

	Annual Budget	2012 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
PSAP Collections	\$72,905	\$129,318	\$56,413
Total Revenues	\$72,905	\$129,318	\$56,413
EXPENDITURES:			
<i>Public Safety:</i>			
Implemental Functions	\$14,405	\$14,354	\$51
Software Maintenance	60,000	43,223	16,777
Hardware Maintenance	13,500	13,463	37
Miscellaneous	5,000	5,642	(642)
S.L. 2010-158 Expenditures	170,127	170,127	
Total Expenditures	\$263,032	\$246,809	\$16,223
Revenues Over (Under) Expenditures	(\$190,127)	(\$117,491)	\$72,636
OTHER FINANCING SOURCES:			
Appropriated Fund Balance	\$190,127		(\$190,127)
Total Other Financing Sources	\$190,127	\$0	(\$190,127)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	(\$117,491)	(\$117,491)
FUND BALANCE:			
Beginning of Year, July 1		433,093	
End of Year, June 30		\$315,602	

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, 2012

	Project Authorization	Actual		Total To Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
Coastal Beverage Company Water Improvements:					
2009 CDBG-Economic Development	\$156,000	\$156,000		\$156,000	
2009 NC Department of Commerce IDF Grant	130,000	130,000		130,000	
2009 Rural Economic Development Center EIF Grant	103,285	42,910	\$60,375	103,285	
Technical Control Consultants Project:					
2011 CDBG-ED Grant	456,000		5,000	5,000	(\$451,000)
2011 NC IDF Grant	380,000				(380,000)
2011 Rural Center EIP Grant	380,000				(380,000)
2010 CDBG Scattered Site Housing	400,000		109,831	109,831	(290,169)
Total Revenues	\$2,005,285	\$328,910	\$175,206	\$504,116	(\$1,501,169)
EXPENDITURES:					
<i>Economic Development:</i>					
<i>*Coastal Beverage Company Water Improvements:</i>					
Administration	\$15,600	\$15,600		\$15,600	
Planning	5,000	5,000		5,000	
Water Improvements	373,850	313,146	\$76,585	389,731	(\$15,881)
Total Coastal Beverage Water Impv. Expenditures	\$394,450	\$333,746	\$76,585	\$410,331	(\$15,881)
<i>2010 CDBG Scattered Site Housing:</i>					
Clearance	\$6,000				\$6,000
Rehabilitation/Clearance	30,000		\$15,997	\$15,997	14,003
Rehabilitation/Reconstruction	238,000		76,671	76,671	161,329
Relocation	86,000				86,000
Administration	40,000	\$329	15,663	15,992	24,008
Total 2010 CDBG Scattered Site Housing Expenditures	\$400,000	\$329	\$108,331	108,660	\$291,340
<i>*Technical Control Consultants Project:</i>					
Water Improvements	\$50,250				\$50,250
Sewer Improvements	947,250				947,250
Road Improvements	207,500				207,500
Planning	5,000				5,000
Administration	25,000		\$5,992	\$5,992	19,008
Total Technical Control Consultants Project Expenditures	\$1,235,000	\$0	\$5,992	\$5,992	\$1,229,008
Total Expenditures	\$2,029,450	\$334,075	\$190,908	\$524,983	\$1,504,467
Revenues Over (Under) Expenditures	(\$24,165)	(\$5,165)	(\$15,702)	(\$20,867)	\$3,298
OTHER FINANCING SOURCES (USES):					
Local County Contribution (Coastal Beverage)	\$5,165	\$5,165	\$15,702	\$20,867	\$15,702
Local County Contribution (TC2)	19,000				(19,000)
Total Other Financing Sources (Uses)	\$24,165	\$5,165	\$15,702	\$20,867	(\$3,298)
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

**JONES COUNTY, NORTH CAROLINA
ENERGY RETROFIT FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2012**

	Annual Budget	2012 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
NC State Energy Grant	\$72,403	\$72,403	
Progress Energy Grant	59,562	66,896	\$7,334
Total Revenues	\$131,965	\$139,299	\$7,334
EXPENDITURES:			
<i>General Government:</i>			
Supplies & Materials	\$58,787	\$95,508	(\$36,721)
Contract Services	97,678	62,888	34,790
Total Expenditures	\$156,465	\$158,396	(\$1,931)
Revenues Over (Under) Expenditures	(\$24,500)	(\$19,097)	\$5,403
OTHER FINANCING SOURCES (USES):			
County Match In-Kind Labor	\$24,500		(\$24,500)
Transfer from General	55,000	\$17,111	(37,889)
Fund Balance Appropriated	(55,000)		55,000
Total Other Financing Sources (Uses)	\$24,500	\$17,111	(\$7,389)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	(\$1,986)	(\$1,986)
FUND BALANCE:			
Beginning of Year, July 1		1,986	
End of Year, June 30		\$0	

JONES COUNTY, NORTH CAROLINA
JONES SENIOR HIGH SCHOOL GYMNASIUM CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
Investment Earnings		\$1,674	\$44	\$1,718	\$1,718
Total Revenues	\$0	\$1,674	\$44	\$1,718	\$1,718
EXPENDITURES:					
<i>Education:</i>					
Architectural Services	\$14,000	\$54,785	\$5,000	\$59,785	(\$45,785)
Miscellaneous	1,000				1,000
Advertisements	25,000				25,000
Contract Services	10,000				10,000
Contingency	50,000				50,000
Construction	2,400,000	2,340,875	155,340	2,496,215	(96,215)
Total Expenditures	\$2,500,000	\$2,395,660	\$160,340	\$2,556,000	(\$56,000)
Revenues Over (Under) Expenditures	(\$2,500,000)	(\$2,393,986)	(\$160,296)	(\$2,554,282)	(\$54,282)
OTHER FINANCING SOURCES (USES):					
Qualified School Construction Bonds Issued	\$2,500,000	\$2,500,000		\$2,500,000	
Contributed Capital from JCBOE			\$56,000	56,000	\$56,000
Transfer To General Fund			(1,718)	(1,718)	(1,718)
Total Other Financing Sources	\$2,500,000	\$2,500,000	\$54,282	\$2,554,282	\$54,282
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$106,014	(\$106,014)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			106,014		
End of Year, June 30			\$0		

ENTERPRISE FUND

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

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$978,263	\$981,749	\$3,486
Water Tap Fees	20,000	32,000	12,000
Reconnect Fees	31,000	26,560	(4,440)
Other Operating Revenues	57,200	63,751	6,551
Total Operating Revenues	\$1,086,463	\$1,104,060	\$17,597
NONOPERATING REVENUES:			
Interest Earned on Investment		\$383	\$383
Total Nonoperating Revenues	\$0	\$383	\$383
Total Revenues	\$1,086,463	\$1,104,443	\$17,980
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$74,695	\$53,501	\$21,194
Professional Services	9,000	9,000	
Insurance	45,000	31,685	13,315
Postage	9,000	9,975	(975)
Supplies	2,600	784	1,816
Printing	4,000	2,342	1,658
Telephone	1,500	1,388	112
Other Operating Expenses	103,400	96,777	6,623
Total	\$249,195	\$205,452	\$43,743
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$248,820	\$252,891	(\$4,071)
Electric Power	60,000	60,481	(481)
Vehicles Operation & Maintenance	35,000	31,483	3,517
Supplies & Materials	12,700	12,859	(159)
Sample Analysis	27,000	15,678	11,322
Other Operating Expenses	81,200	76,348	4,852
Maintenance & Replacement	100,151	105,682	(5,531)
Total	\$564,871	\$555,422	\$9,449
Total Operating Expenses	\$814,066	\$760,874	\$53,192
<i>Debt Service:</i>			
Interest and Other Charges	\$48,371	\$21,421	\$26,950
Debt Principal	5,529	5,529	
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, 2012

	2012		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$81,248	\$36,225	\$45,023
Total Expenditures	\$949,214	\$824,049	\$125,165
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$137,249	\$280,394	\$143,145
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(\$65,000)	(\$65,000)	
Transfer to Water Capital Reserve Fund	(85,000)	(85,000)	
Transfer to Well Improvement Capital Project Fund		(3,343)	(\$3,343)
Appropriated Fund Balance	12,751		(12,751)
Total Other Financing Sources (Uses)	(\$137,249)	(\$153,343)	(\$16,094)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$127,051	\$127,051
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over (Under) Expenditures		\$127,051	
Reconciling Items:			
Debt Principal		\$5,529	
Capital Outlay		36,225	
Decrease in Accrued Vacation		6,351	
Depreciation		(220,039)	
Transfer to Water Capital Reserve		85,000	
Transfer to Well Improvement Capital Project Fund		3,343	
Capital Contribution - Well Improvement Capital Project Fund		433,094	
Total Reconciling Items		\$349,503	
Change in Net Assets		\$476,554	

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, 2012

	Budget	2012 Actual	Variance Favorable (Unfavorable)
<i>OTHER FINANCING SOURCES:</i>			
Transfer from Water Fund	(\$85,000)	\$85,000	
Transfer to Well Improvement Capital Project Fund		78,616	\$78,616
Appropriated Fund Balance	85,000		(85,000)
<i>Total Other Financing Sources</i>	\$0	\$163,616	(\$6,384)
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	\$0	\$163,616	(\$6,384)
<i>FUND BALANCES:</i>			
Beginning of Year, July 1		247,026	
 <i>End of Year, June 30</i>		\$410,642	

JONES COUNTY, NORTH CAROLINA
WELL IMPROVEMENTS - ENTERPRISE CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
NC Rural Development Grant	\$500,000	\$0	\$433,094	\$433,094	\$66,906
EXPENDITURES:					
Construction	\$568,750	\$239,148	\$292,867	\$532,015	\$36,735
Engineering	45,000	61,464	61,087	122,551	(77,551)
Inspection	35,000		2,732	2,732	32,268
Professional - Other	15,000				15,000
Legal	7,500	3,988		3,988	3,512
Permit Fees	2,500	380		380	2,120
Advertisements	2,000	309		309	1,691
Capital Outlay	20,000	19,100		19,100	900
Administration	25,000	44	5,138	5,182	19,818
Contingency	29,250				29,250
Total Expenditures	\$750,000	\$324,433	\$361,824	\$686,257	\$63,743
Revenues Over (Under) Expenditures	(\$250,000)	(\$324,433)	\$71,270	(\$253,163)	\$3,163
OTHER FINANCING SOURCES:					
Water Capital Reserve Fund (Local Match)	\$250,000	\$328,436	(\$78,616)	\$249,820	\$180
Transfer from Water Fund			3,343	3,343	(3,343)
Total Other Financing Sources	\$250,000	\$328,436	(\$75,273)	\$253,163	(\$3,163)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$4,003	(\$4,003)	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1			4,003		
End of Year, June 30			\$0		

AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

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

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

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

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services Fund:				
Assets, Cash and Investments	\$17,390	\$25,082	\$21,989	\$20,483
Liabilities, Accounts Payable	\$17,390	\$25,082	\$21,989	\$20,483
Fines and Forfeitures Fund:				
Assets, Cash and Investments	\$1,559	\$91,000	\$92,559	
Accounts Receivable	6,507	6,125	6,507	\$6,125
Total	\$8,066	\$97,125	\$99,066	\$6,125
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$7,610	\$83,704	\$85,189	\$6,125
Intergovernmental Payable - State of North Carolina	456	5,811	6,267	
Total Liabilities	\$8,066	\$89,515	\$91,456	\$6,125
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$15,703	\$296,643	\$295,041	\$17,305
Liabilities, Intergovernmental Payables	\$15,703	\$296,643	\$295,041	\$17,305
Agricultural Extension Fund:				
Assets, Cash and Investments	\$26,819	\$33,915	\$20,487	\$40,247
Liabilities, Intergovernmental Payables	\$26,819	\$33,915	\$20,487	\$40,247
Totals - All Agency Funds:				
Assets, Cash	\$61,471	\$446,640	\$430,076	\$78,035
Accounts Receivable	6,507	6,125	6,507	6,125
	\$67,978	\$452,765	\$436,583	\$84,160
Liabilities and Payables	\$67,978	\$445,155	\$428,973	\$84,160

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, 2012

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-12		\$5,383,450	\$5,093,845	\$289,605
2010-11	\$400,034		214,901	185,133
2009-10	48,026		23,721	24,305
2008-09	25,880		6,875	19,005
2007-08	20,972		4,233	16,739
2006-07	16,033		2,512	13,521
2005-06	18,558		3,794	14,764
2004-05	10,909		916	9,993
2003-04	10,644		2,671	7,973
2002-03	10,350		939	9,411
2001-02	7,884		7,884	
	\$569,290	\$5,383,450	\$5,362,291	\$590,449
Less: Allowance for Uncollectible Ad Valorem Taxes				(19,000)
Plus: Uncollected 2011-2012 Ad Valorem Taxes Receivable Vehicles				73,302
Ad Valorem Taxes Receivable - Net				\$644,751
Reconcilement with Revenue:				
Taxes - Ad Valorem - General Fund				\$5,374,594
<i>Reconciling Items:</i>				
Penalties and Costs				\$7,751
Discounts Allowed				26,240
Taxes Written Off				7,884
Interest Collected				(58,139)
Prior Year Releases				3,961
Total Reconciling Items				(\$12,303)
Total Collections and Credits				\$5,362,291

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2012

	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	\$712,670,177	0.74	\$5,223,140	\$4,864,627	\$358,513
Property and Motor Vehicles Taxed at Prior Year's Rate	24,961,920	0.70	174,734		174,734
Total Original Levy	\$737,632,097		\$5,397,874	\$4,864,627	\$533,247
Discoveries:					
Current Year Taxes	\$2,236,765	0.74	\$16,552	\$16,552	
Prior Year Taxes			5,860	5,860	
Total	\$2,236,765		\$22,412	\$22,412	\$0
Deferred:					
Current Year Taxes	\$623,842	0.70	\$4,432	\$4,432	\$0
Abatements	(\$5,576,757)		(\$41,268)	(\$29,433)	(\$11,835)
Total Property Valuation	\$734,915,947				
Net Levy			\$5,383,450	\$4,862,038	\$521,412
Uncollected Taxes at June 30, 2012			289,605	183,450	106,155
Current Year's Taxes Collected			\$5,093,845	\$4,678,588	\$415,257
Current Levy Collection Percentage			94.62%	96.23%	79.64%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2012

Taxpayer	Type of Business	2011 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$20,859,796	2.84%
Jones - Onslow EMC	Utility	\$18,854,084	2.57%
Brown's Realty Partnership	Real Estate	\$10,355,449	1.41%
Progress Energy	Utility	\$6,876,977	0.94%
Jones County Cotton Gin	Agricultural	\$5,975,618	0.81%
Carolina Telephone & Telegraph Company	Utility	\$4,087,568	0.56%
Nunnelee Properties, LLC	Real Estate	\$3,530,555	0.48%
Brunswick Timber LLC	Timber	\$2,990,282	0.41%
Brown's Farm LLC	Agricultural	\$2,520,126	0.34%
Coastal Beverage	Distributor	\$2,283,381	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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Jones County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 12-1 to be a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as Finding 12-2.

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

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

November 28, 2012



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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

Compliance

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2012. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

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

In our opinion, Jones County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which is described in the accompanying schedule of findings and questioned costs as Finding 12-3.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-3 to be a material weakness.

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

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

November 28, 2012



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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

Compliance

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2012. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

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

In our opinion, Jones County complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which is described in the accompanying schedule of findings and questioned costs as item 12-4.

Internal Control Over Compliance

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

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

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 12-4 to be a material weakness.

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

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

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

November 28, 2012

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

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

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified	<u> X </u>	<u> </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u> </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
93.713	ARRA-Child Care and Development Fund
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2012

Dollar threshold used to distinguish between
Type A and Type B Programs \$362,149

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

Internal control over major State programs:

- | | | |
|--|-------------------|-------------------|
| • Material weakness(es) identified | <u> X </u> | <u> </u> |
| • Significant deficiency(s) identified that are not considered to be material weaknesses | <u> </u> | <u> X </u> |

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

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u> X </u>	<u> </u>
--	--------------	-------------------

Identification of major State programs:

Program Name

Medical Assistance Program

Subsidized Child Care Cluster:
State Appropriations
TANF – MOE Daycare

N.C. Rural Development Grant

II. FINANCIAL STATEMENT FINDINGS

FINDING 12-1

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, 2012

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

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

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

FINDING 12-2

IMMATERIAL NONCOMPLIANCE

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

Condition: Expenditures made in two special revenue funds, the governmental capital project fund, and the enterprise capital project fund exceeded the appropriation made by the governing board.

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

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

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

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2012

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 12-3 (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: Four clients did not have a needs assessment performed during the certification period tested.

Questioned Costs: \$43,252. This represents 16% of the total dollars spent on Medicaid Transportation. Sixteen percent of the total federal dollars spent on Medicaid Transportation was calculated to be the questioned cost due to the lack of needs assessments in sixteen percent of the files tested.

Context: In our test of 25 client files, 4 files did not have a current needs assessment. An assessment of need was not done for each certification period.

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

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

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

*Views of Responsible
Officials and Planned
Corrective Actions:*

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2012

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 12-4

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medical Assistance Program

REFER TO FEDERAL FINDING 12-3

**JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2012**

FINANCIAL STATEMENT FINDINGS

FINDING: 12-1

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

FINDING: 12-2

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

FEDERAL AWARD FINDINGS

FINDING: 12-3

- 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.

STATE AWARD FINDINGS

FINDING 12-4

REFER TO FEDERAL FINDING 12-3

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
 For The Fiscal Year Ended June 30, 2012

- FINDING 11-1** **(Financial Reporting)**
 STATUS: Not corrected. See current year finding 12-1.
- FINDING 11-2** **(Budgetary Over-expenditures)**
 STATUS: Not corrected. See current year finding 12-2.
- FINDING 11-3** **(DSS-1571 - Day Sheets)**
 STATUS: Corrected.
- FINDING 11-4** **(Medical Assistance Program - Documentation)**
 STATUS: Corrected.
- FINDING 11-5** **(Medical Assistance Program – Transportation - Assessments)**
 STATUS: Not corrected. See current year finding 12-3.
- FINDING 11-6** **(Subsidized Child Care Cluster – Parent Fees/Income Verification)**
 STATUS: Corrected.
- FINDING 11-7**
 Refer to Finding 11-4.
- FINDING 11-8**
 Refer to Finding 11-6.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

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	\$136,239		\$136,239
Supplemental Nutrition Assist. Program Fraud	10.561	18,266		18,266
Total Supplemental Nutrition Assist. Program Cluster		\$154,505	\$0	\$154,505
<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	145,376		
		\$219,716	\$0	\$0
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$11,298		
		\$11,298	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$15,970		
		\$15,970	\$0	\$0
Total U.S. Department of Agriculture		\$401,489	\$0	\$154,505

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF ENERGY:</u>				
<i>Passed Through NC Department of Commerce:</i>				
ARRA-State Energy Program-Energy Efficiency in Gov't Buildings	81.041	\$72,403		
Total U.S. Department of Energy		\$72,403	\$0	\$0
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
<i>Passed Through NC Department of Transportation:</i>				
Alcohol Impaired Driving Countermeasure Incentive	20.601	\$18,431		
Total U.S. Department of Transportation		\$18,431	\$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	\$109,831		
2011 CDBG - Economic Development Grant	14.228	5,000		
Total U.S. Department of Housing and Urban Development		\$114,831	\$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	\$32,822		
Total U.S. Department of Homeland Security		\$32,822	\$0	\$0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Aging Cluster:				
<i>Administered by County Finance Department:</i>				
Special Programs for the Elderly-				
Congregate Nutrition				
Title III C-Nutritional Services (Congregate)	93.045	\$53,868	\$3,169	
Home Delivered Meals				
Title III C-Nutritional Services (Home Delivered Meals)	93.045	36,283	2,134	
In Home Aid	93.667	32,347	(4,841)	\$4,621
In Home Aid				
In Home Aid Title III	93.044	27,404	1,612	
Total Aging Cluster		\$149,902	\$2,074	\$4,621

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

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	\$25,632		
Prevention Investigations and Technical	93.283	2,186		
Temporary Assistance for Needy Families	93.558	16,714	\$1,093	
		\$44,532	\$1,093	\$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	\$29,629	\$13,051	\$16,578
Foster Care-Direct Benefit Payments	93.658	31,747		31,747
Adoption Assistance-Direct Benefit Payments	93.659	9,801	2,427	3,139
Total Foster Care and Adoption Cluster		\$71,177	\$15,478	\$51,464
<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	\$30,308		\$16,535
Work First Service	93.558	99,961		53,322
Work First/TANF-Direct Benefit Payments	93.558	42,318		
Domestic Violence (TANF)	93.558	485		
Total TANF Cluster		\$173,072	\$0	\$69,857
NC Child Support Enforcement Section	93.563	\$188,556	(\$198)	\$97,115
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$11,802		
Crisis Intervention Program	93.568	32,956		
Energy Assistance Payments-Direct Benefit Payments	93.568	22,600		
		\$67,358	\$0	\$0
Family Preservation	93.556	\$1,232	\$0	\$0
Permanency Planning-Administration	93.645	\$2,889	\$0	\$963
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Social Services Block Grant	93.667	\$54,306	\$2,203	\$18,836

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:				
Subsidized Child Care				
Child Care Development Fund Cluster:				
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Child Care Development Fund-Administration	93.596	\$76,545		
Division of Child Development:				
Child Care and Development Fund-Discretionary	93.575	184,793		
Child Care and Development Fund-Mandatory	93.596	70,947		
Child Care and Development Fund-Match	93.596	28,579		
ARRA - Child Care and Development Fund	93.713	5,494		
Total Child Care Development Fund Cluster		\$366,358	\$0	\$0
Temporary Assistance for Needy Families	93.558	\$85,051		
Foster Care Title IV-E	93.658	2,822		
State Appropriations			\$80,762	
TANF-MOE Daycare			13,380	
Total Subsidized Child Care		\$454,231	\$94,142	\$0
Center for Medicare and Medicaid Services:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Medical Assistance:				
<i>Administered by County Department of Social Services:</i>				
Medicaid Administration	93.778	\$200,957	\$8,635	\$192,322
<i>Administered by County Health Department:</i>				
Medical Assistance Program	93.778	7,889	3,044	
<i>Direct Benefit Payments:</i>				
Medical Assistance Program	93.778	9,920,492	5,947,100	12,984
State Children's Insurance Program - N.C. Health Choice	93.767	9,048	267	2,623
		\$10,138,386	\$5,959,046	\$207,929
Health Resources and Services Administration:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Maternal and Child Health Services Block Grant	93.994	\$35,553	\$26,667	\$0
Immunization Cluster				
ARRA - Immunizations	93.712	\$2,220		
Immunization Grants	93.268	6,937		
Total Immunization Cluster		\$9,157	\$0	\$0
Centers for Disease Control				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Cooperative Agreements for State Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	\$3,700	\$2,550	
Public Health Emergency	93.069	37,604		
		\$41,304	\$2,550	\$0
Total U.S. Department of Health and Human Services		\$11,431,655	\$6,103,055	\$450,785
TOTAL FEDERAL ASSISTANCE		\$12,071,631	\$6,103,055	\$605,290

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

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 HEALTH AND HUMAN SERVICES:				
Division of Youth Services:				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency			\$86,595	
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$99,336	\$99,336
Division of Public Health:				
<i>Administered by County Health Department:</i>				
General			\$80,936	
Public Health Nurse			50,000	
Communicable Disease			9,778	
Food & Lodging			1,079	
Interpreter Grant II			20,900	
Carolina Power & Light			764	
Environmental Health			4,000	
TPPI-Pregnancy Prevention			58,286	
Risk Reduction/Health Promotion			6,688	
Aids-State			500	
Tuberculosis			2,540	
WHSF			2,049	
TB Medical Services			787	
			\$238,307	
Divison of Natural Resources:				
<i>Administered by County Department of Soil and Water Conservation:</i>				
Soil and Water Conservation			\$39,337	
Total NC Department of Health and Human Services		\$0	\$463,575	\$99,336

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF CORRECTIONS:</u>				
<i>Passed through the Criminal Justice Partnership Program:</i>				
<i>Administered by County Finance Office:</i>				
Correction and Rehab Center		\$0	\$52,845	\$0
<u>NC DEPARTMENT OF COMMERCE:</u>				
<i>Administered by County Finance Department:</i>				
NC Rural Development Grant	2008-297-40101-112		\$433,094	
2010 Rural Economic Development Center EIF Grant	2010-15040401-107		60,375	
		\$0	\$493,469	\$0
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$97,245	\$0
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant		\$0	\$6,071	\$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	\$3,567	\$0
TOTAL STATE ASSISTANCE		\$0	\$1,268,224	\$99,336
TOTAL FEDERAL AND STATE ASSISTANCE		\$12,071,631	\$7,371,279	\$704,626

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.