

**COUNTY OF JONES**  
**Trenton, North Carolina**

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2014**

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Trenton, North Carolina

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2014**

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

**JONES COUNTY, NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

**Mike Haddock**  
Chairman

**Sondra I. Riggs**

**Frank Emory**

**Zack Koonce**

**Joseph F. Wiggins**

**COUNTY OFFICIALS**

**Franky Howard**  
County Manager

**Samuel Croom**  
Tax Supervisor/Collector

**Melissa Moore-Freeman**  
Finance Officer

**Susan Gray**  
Register of Deeds

**Thelma Simmons**  
Social Services Director

**Danny Heath**  
Sheriff

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**FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

The Board of County Commissioners  
Jones County, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Jones County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 3 through 10 and pages 55 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

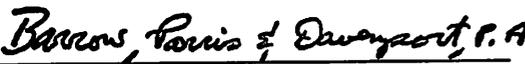
**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County's internal control over financial reporting and compliance.

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

January 30, 2015

## 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, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

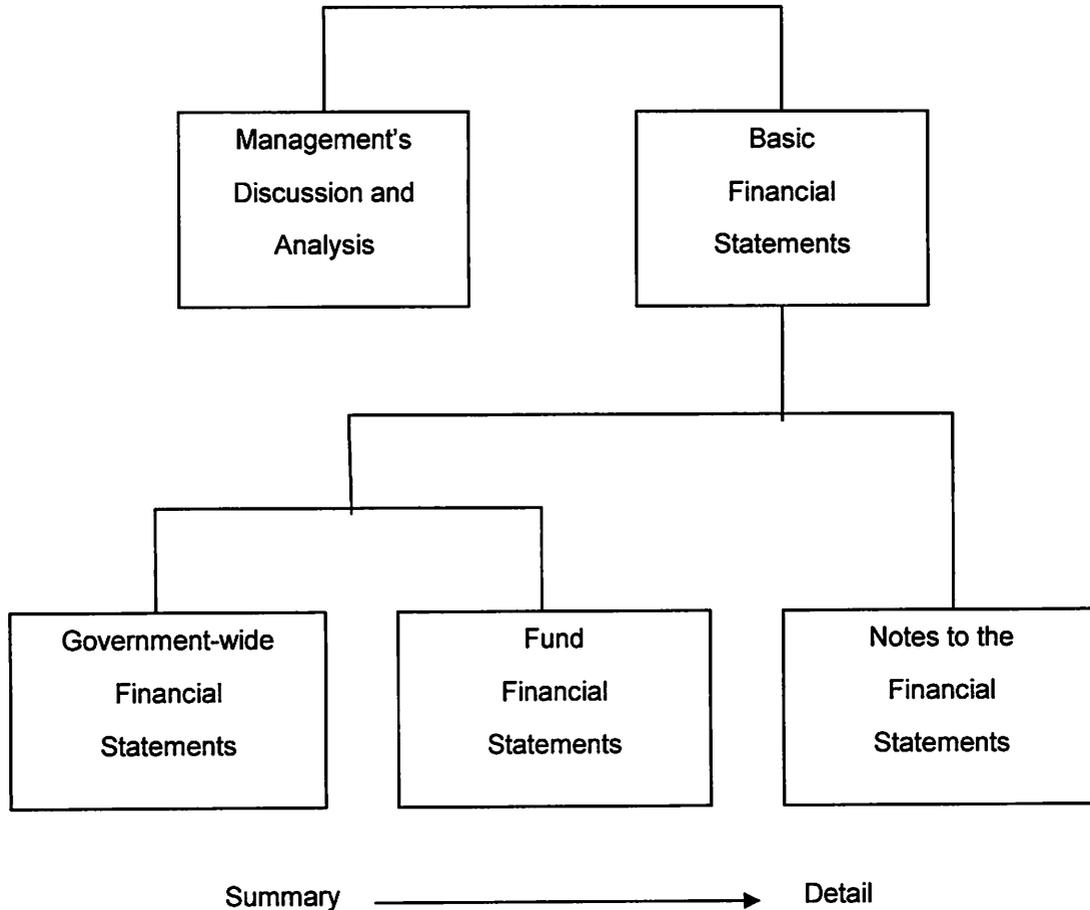
- The assets and deferred outflows of resources of Jones County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,418,909 (*net position*).
- The government's total net position increased by \$334,077, primarily due to the increase in property tax collections on registered motor vehicles as a result of the new tax/tag system implemented by the State. These collections totaled \$462,646 for the fiscal year ending June 30, 2014.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general and special revenue funds) reported combined ending fund balances of \$8,450,623, an increase of \$473,031 in comparison with the prior year. At June 30, 2014, approximately 34.90% of this total amount or \$2,949,588 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,720,804, or 37.16% of total general fund expenditures for the fiscal year.
- Jones County's total debt increased by \$1,873,950 (38.77%) during the current fiscal year. The key factors in this increase are the new NC Eastern Region loan in the amount of \$576,923 for Economic Development and the NC Drinking Water State Revolving Loan in the amount of \$1,883,014 for the Automatic Meter Reading Enterprise Capital Project.

### 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 position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

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

**Fund Financial Statements**

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

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

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

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

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$19,418,909 as of June 30, 2014. As of June 30, 2013, the net position of Jones County stood at \$19,084,832. The County's net position increased by \$334,077 for the fiscal year ended June 30, 2014, compared to an increase of \$1,150,666 in 2013. One of the largest portions \$10,863,483 (53.88%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net position \$2,975,635 (15.32%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,579,791 (28.73%) is unrestricted. In 2013, the amount of net investment in capital assets was \$10,800,107, with restricted net position standing at \$3,718,084. The remaining balance of \$4,566,641 was unrestricted net position.

**Jones County's Net Position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$9,883,710	\$10,026,904	\$2,884,219	\$2,366,268	\$12,767,929	\$12,393,17
Capital assets	6,218,539	6,211,466	8,495,502	6,925,094	14,714,041	13,136,56
<b>Total assets</b>	<b>\$16,102,249</b>	<b>\$16,238,370</b>	<b>\$11,379,721</b>	<b>\$9,291,362</b>	<b>\$27,481,970</b>	<b>\$25,529,73</b>
Current Liabilities	\$592,509	\$931,349	\$350,356	\$293,014	\$942,865	\$1,224,36
Long-Term Liabilities	4,684,535	4,675,190	2,399,233	509,519	7,083,768	5,184,70
<b>Total liabilities</b>	<b>\$5,277,044</b>	<b>\$5,606,539</b>	<b>\$2,749,589</b>	<b>\$802,533</b>	<b>\$8,026,633</b>	<b>\$6,409,07</b>
Total deferred inflows of resources	\$36,428	\$35,828	\$0	\$0	\$36,428	\$35,82
Net position:						
Net investment in capital assets	\$4,723,300	\$4,353,342	\$6,140,183	\$6,446,765	\$10,863,483	\$10,800,10
Restricted	2,948,292	3,690,782	27,343	27,302	2,975,635	3,718,08
Unrestricted	3,117,185	2,551,879	2,462,606	2,014,762	5,579,791	4,566,64
<b>Total net position</b>	<b>\$10,788,777</b>	<b>\$10,596,003</b>	<b>\$8,630,132</b>	<b>\$8,488,829</b>	<b>\$19,418,909</b>	<b>\$19,084,83</b>

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

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

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 95.43% which has increased slightly compared to last year's collection rate of 92.29%. The registered motor vehicle collections increased to 92.69% compared to last year's collection rate of 78.58% due to the new tax/tag system implemented by the State during the year.
- 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.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

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

**Figure 3**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$1,100,218	\$1,147,386	\$1,263,023	\$1,238,482	\$2,363,241	\$2,385,868
Operating grants and contributions	3,726,090	5,183,527	68,717		3,794,807	5,183,527
Capital grants and contributions	300,000	94,394			300,000	94,394
General revenues:						
Property taxes	6,280,729	6,092,933			6,280,729	6,092,933
Other taxes	1,356,938	1,037,430			1,356,938	1,037,430
Grants and contributions not restricted to specific programs	187,526	83,363			187,526	83,363
Other	45,662	180,951	42	48	45,704	180,999
<b>Total revenues</b>	<b>\$12,997,163</b>	<b>\$13,819,984</b>	<b>\$1,331,782</b>	<b>\$1,238,530</b>	<b>\$14,328,945</b>	<b>\$15,058,514</b>
<b>Expenses:</b>						
General government	\$2,274,824	\$2,013,012			\$2,274,824	\$2,013,012
Public safety	3,300,754	3,312,310			3,300,754	3,312,310
Environmental Protection	490,216	554,438			490,216	554,438
Economic and physical development	560,928	1,446,472			560,928	1,446,472
Human services	3,762,235	3,636,896			3,762,235	3,636,896
Cultural and recreation	245,626	208,740			245,626	208,740
Education	2,023,490	1,843,624			2,023,490	1,843,624
Interest on long-term debt	65,028	70,991			65,028	70,991
Water			\$1,090,479	\$954,033	1,090,479	954,033
<b>Total expenses</b>	<b>\$12,723,101</b>	<b>\$13,086,483</b>	<b>\$1,090,479</b>	<b>\$954,033</b>	<b>\$13,813,580</b>	<b>\$14,040,516</b>
<b>Increase in net position before transfers</b>	<b>\$274,062</b>	<b>\$733,501</b>	<b>\$241,303</b>	<b>\$284,497</b>	<b>\$515,365</b>	<b>\$1,017,998</b>
Special Item - Donated Assets	176,686	132,668			176,686	132,668
Special Item - Transfer to Lenoir County	(357,974)				(357,974)	
Transfers	100,000	100,000	(100,000)	(100,000)		
<b>Increase (Decrease) in net position</b>	<b>\$192,774</b>	<b>\$966,169</b>	<b>\$141,303</b>	<b>\$184,497</b>	<b>\$334,077</b>	<b>\$1,150,666</b>
Net position, beginning	10,596,003	9,629,834	8,488,829	8,304,332	19,084,832	17,934,166
<b>Net position, ending</b>	<b>\$10,788,777</b>	<b>\$10,596,003</b>	<b>\$8,630,132</b>	<b>\$8,488,829</b>	<b>\$19,418,909</b>	<b>\$19,084,832</b>

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

**Governmental Activities.** Governmental activities increased the County's net position by \$192,774 compared to an increase of \$966,169 in 2013. Key elements of the increase in 2014 are as follows:

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

**Business-type activities:** Business-type activities increased Jones County's net position by \$141,303 compared to an increase of \$184,497 in 2013. Key elements of this increase in 2014 are as follows:

- Continued diligence in water and sewer revenue collection and resolution of delinquent accounts.

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

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

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

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$6,473,348, while total fund balance reached \$8,442,168. Of this fund balance available, \$912,005 is restricted, \$625,091 is committed, and \$146,685 is assigned, leaving \$4,789,567 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 37.70% of total General Fund expenditures, while total fund balance represents 66.45% 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, 2014, Jones County is within the range established by the Board.

At June 30, 2014, the governmental funds of Jones County reported a combined fund balance of \$8,450,623 compared to \$7,977,592 at June 30, 2013. The primary reason for this increase is the increase in the fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$678,328.

**Proprietary Funds.** Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$2,462,606. The total growth in net position was \$141,303. 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, 2014, totals \$14,714,041 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County received three vehicles valued at \$165,000 from government surplus to be used for public safety.
- The County is in the process of implementing an automatic meter reading system in the enterprise fund. Construction in progress expenditures totaled \$1,760,541 for the fiscal year ending June 30, 2014. The County expects to have the project completed in the next fiscal year.

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

**Figure 4**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$481,347	\$467,879	\$54,808	\$54,808	\$536,155	\$522,687
Buildings and system	5,014,766	5,129,365	6,480,605	6,707,210	11,495,371	11,836,575
Machinery and equipment	603,798	492,549	45,885	38,130	649,683	530,679
Infrastructure	118,628	121,673			118,628	121,673
Construction in Progress			1,914,204	124,946	1,914,204	
<b>Total</b>	<b>\$6,218,539</b>	<b>\$6,211,466</b>	<b>\$8,495,502</b>	<b>\$6,925,094</b>	<b>\$14,714,041</b>	<b>\$13,011,614</b>

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

**Long-term Debt.**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Qualified Zone Academy Bonds	\$280,122	\$330,534			\$280,122	\$330,534
Qualified School Construction Bonds	2,000,000	2,166,667			2,000,000	2,166,667
Capitalized Leases		3,565				3,565
Installment Purchases	2,072,162	1,854,559	\$2,355,320	\$478,329	4,427,482	2,332,888
	<b>\$4,352,284</b>	<b>\$4,355,325</b>	<b>\$2,355,320</b>	<b>\$478,329</b>	<b>\$6,707,604</b>	<b>\$4,833,654</b>

Jones County's total debt increased by \$1,873,950 (38.77%) during the past fiscal year, primarily due to a new Easter Region loan and a new NC Drinking Water State Revolving Loan 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 \$62,986,817. At June 30, 2014, Jones County had general obligations and capitalized leases outstanding of \$6,707,604 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 44 of this audited financial report.

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

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

- As of June 30, 2014, the County unemployment rate was 6.8%. This is just below the State average of 6.5%. Jones County has a labor force of 4,317 with only 295 that are unemployed.
- As of June 30, 2014, total building permits issued were 550. This was down from the 5,707 that were issued as of June 30, 2013. However, total square footage that was permitted increased 36% from 144,996 square feet at June 30, 2013. The total square footage that was permitted at June 30, 2014 was 197,184 square feet.
- Jones County Economic Development is partnering in the development of a new Industrial Park north of Pollocksville on Highway 17. This project will bring 38 new jobs and a total private investment of over \$1.5 million. Over \$2 million in grants have been secured to expand water and sewer to this project. The utility expansion part of this project has been complete. However, the private investment/construction has been delayed due to Federal cutbacks. The County now has over 15 new industrial acres ready for development.
- Highway 17 improvements have been announced as fully funded. This will be a four lane highway 17 from Onslow County line up to Craven County line. Construction is scheduled for 2015, and right-of-way decisions are underway with property owners along the corridor.

***Budget Highlights for the Fiscal Year Ending June 30, 2015***

**Governmental Activities:** This year Jones County was scheduled for a countywide re-evaluation of its real property. The County's tax rate was lowered to .77. This was made possible due to lean budget and increased fees for services such as building inspections. Fiscal year 2014 was the first year Jones County can say its building inspections department has operated independently. It is expected to generate enough fees to cover its expenses without being supplemented by the General Fund.

**Business – type Activities:** Water Enterprise operating expenses will remain relatively level. There have been cuts in overhead cost, however that is offset by budgeted set asides for future construction needs and a new meter replacement program. Tap fees have been adjusted to better offset the actual cost involved with installing new services. A new tiered rate structure was implemented that would help to promote water conservation. This will also make the water system more eligible for future grants.

***Requests for Information***

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Jones County Finance Office, 418 Hwy 58 North (Post Office Box 266), Trenton, NC 28585. You can also call (252) 448-7571 or visit our website at [www.co.jones.nc.us](http://www.co.jones.nc.us) for more information.

**BASIC FINANCIAL STATEMENTS**

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
<b>Assets:</b>				
Cash and Cash Equivalents	\$6,976,228	\$2,033,210	\$9,009,438	\$38,447
Receivables (Net)	710,881	176,287	887,168	
Due From Other Governments	774,413	462,422	1,236,835	
Inventories	1,296	68,501	69,797	95,389
Prepaid Items				3,378
Restricted Cash and Cash Equivalents	118,138	143,799	261,937	
Notes Receivable:				
Due Within One Year	128,851		128,851	
Due in More Than One Year	1,173,903		1,173,903	
Capital Assets:				
Land, Improvements, and Construction in Progress	481,347	1,969,012	2,450,359	
Other Capital Assets, Net of Depreciation	5,737,192	6,526,490	12,263,682	29,092
Total Capital Assets	<b>\$6,218,539</b>	<b>\$8,495,502</b>	<b>\$14,714,041</b>	<b>\$29,092</b>
<b>Total Assets</b>	<b>\$16,102,249</b>	<b>\$11,379,721</b>	<b>\$27,481,970</b>	<b>\$166,306</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Expenses	\$577,485	\$233,941	\$811,426	\$44,959
Accrued Interest Payable	15,024		15,024	22,632
Liabilities to be Paid From Restricted Assets		116,415	116,415	
Long-term Liabilities:				
Due within one year	460,177	150,474	610,651	1,833
Due in more than one year	4,224,358	2,248,759	6,473,117	
Total Long-term Liabilities	<b>\$4,684,535</b>	<b>\$2,399,233</b>	<b>\$7,083,768</b>	<b>\$1,833</b>
<b>Total Liabilities</b>	<b>\$5,277,044</b>	<b>\$2,749,589</b>	<b>\$8,026,633</b>	<b>\$69,424</b>
<b>Deferred Inflows of Resources</b>	<b>\$36,428</b>	<b>\$0</b>	<b>\$36,428</b>	<b>\$0</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	\$4,723,300	\$6,140,183	\$10,863,483	\$27,259
Restricted For:				
Register of Deeds	42,113		42,113	
General Government	53,441		53,441	
Environmental Protection	29,208		29,208	
Education	706,959		706,959	
Stabilization by State Statute	2,036,287		2,036,287	
Human Services	80,284		80,284	
Working Capital				26,792
USDA Loan Payments		27,343	27,343	
Unrestricted	3,117,185	2,462,606	5,579,791	42,831
<b>Total Net Position</b>	<b>\$10,788,777</b>	<b>\$8,630,132</b>	<b>\$19,418,909</b>	<b>\$96,882</b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$2,274,824	\$133,714		
Public Safety	3,300,754	458,897	\$132,529	
Environmental Protection	490,216	344,898	98,494	
Economic and Physical Development	560,928	94,841	432,015	\$150,000
Human Services	3,762,235	67,018	3,017,903	
Cultural and Recreation	245,626	850		
Education	2,023,490		45,149	150,000
Interest on Long-Term Debt	65,028			
<b>Total Governmental Activities</b>	<b>\$12,723,101</b>	<b>\$1,100,218</b>	<b>\$3,726,090</b>	<b>\$300,000</b>
<b>Business-type Activity:</b>				
Water	\$1,090,479	\$1,263,023	\$68,717	
<b>Total Business-type Activities</b>	<b>\$1,090,479</b>	<b>\$1,263,023</b>	<b>\$68,717</b>	<b>\$0</b>
	<b>\$13,813,580</b>	<b>\$2,363,241</b>	<b>\$3,794,807</b>	<b>\$300,000</b>
<b>Component Units:</b>				
ABC Board	\$912,180	\$899,619		
<b>Total Component Unit</b>	<b>\$912,180</b>	<b>\$899,619</b>	<b>\$0</b>	<b>\$0</b>

*General Revenues:*

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

**Total General Revenues Excluding Transfers**

*Special Item - Donated Assets*

*Special Item - Transfer to Lenoir County*

Transfers

**Total General Revenues, and Transfers**

**Change in Net Position**

*Net Position, Beginning*

**NET POSITION, ENDING**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Jones County ABC Board</b>
(\$2,141,110)		(\$2,141,110)	
(2,709,328)		(2,709,328)	
(46,824)		(46,824)	
115,928		115,928	
(677,314)		(677,314)	
(244,776)		(244,776)	
(1,828,341)		(1,828,341)	
(65,028)		(65,028)	
<b>(\$7,596,793)</b>	<b>\$0</b>	<b>(\$7,596,793)</b>	
	\$241,261	\$241,261	
<b>\$0</b>	<b>\$241,261</b>	<b>\$241,261</b>	
<b>(\$7,596,793)</b>	<b>\$241,261</b>	<b>(\$7,355,532)</b>	
			(\$12,561)
			<b>(\$12,561)</b>
\$6,280,729		\$6,280,729	
1,018,213		1,018,213	
338,725		338,725	
187,526		187,526	
45,662	\$42	45,704	\$6
<b>7,870,855</b>	<b>42</b>	<b>7,870,897</b>	<b>6</b>
176,686		176,686	
(357,974)		(357,974)	
100,000	(100,000)		
<b>\$7,789,567</b>	<b>(\$99,958)</b>	<b>\$7,689,609</b>	<b>\$6</b>
<b>\$192,774</b>	<b>\$141,303</b>	<b>\$334,077</b>	<b>(\$12,555)</b>
10,596,003	8,488,829	19,084,832	109,437
<b>\$10,788,777</b>	<b>\$8,630,132</b>	<b>\$19,418,909</b>	<b>\$96,882</b>

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

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$6,976,228		\$6,976,228
Restricted Cash	109,683	\$8,455	118,138
Receivables, Net	628,340		628,340
Due From Other Governments	705,650	68,763	774,413
Due From Other Funds	67,413		67,413
Current Portion-Notes Receivable	128,851		128,851
Inventories	1,296		1,296
Notes Receivable	1,173,903		1,173,903
<b>TOTAL ASSETS</b>	<b>\$9,791,364</b>	<b>\$77,218</b>	<b>\$9,868,582</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$576,135	\$1,350	\$577,485
Due to Other Funds		67,413	67,413
<b>Total Liabilities</b>	<b>\$576,135</b>	<b>\$68,763</b>	<b>\$644,898</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<b>\$773,061</b>	<b>\$0</b>	<b>\$773,061</b>
<i>Fund Balances:</i>			
Nonspendable:			
Inventories	\$1,296		\$1,296
Restricted:			
Stabilization by State Statute	1,967,524	\$68,763	2,036,287
Register of Deeds	42,113		42,113
Health Department	80,284		80,284
Facility Fees	53,441		53,441
White Goods	29,208		29,208
School Capital	706,959		706,959
Committed:			
Economic Development	625,091		625,091
Tax Revaluation		8,455	8,455
Assigned:			
Long-Term Screening	146,685		146,685
Unassigned	4,789,567	(68,763)	4,720,804
<b>Total Fund Balances</b>	<b>\$8,442,168</b>	<b>\$8,455</b>	<b>\$8,450,623</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<b>\$9,791,364</b>	<b>\$77,218</b>	

JONES COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

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

Total Fund Balance, Governmental Funds	\$8,450,623
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,218,539
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	82,541
Deferred inflows of resources for taxes and special assessments receivable	736,633
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(4,699,559)
<b>Net Position of Governmental Activities</b>	<b><u>\$10,788,777</u></b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2014

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Ad Valorem Taxes	\$6,452,799		\$6,452,799
Local Option Sales Taxes	1,018,213		1,018,213
Other Taxes and Licenses	338,725		338,725
Unrestricted Intergovernmental	187,526		187,526
Restricted Intergovernmental	3,669,895	\$269,956	3,939,851
Permits and Fees	213,064		213,064
Sales and Services	697,630		697,630
Investment Earnings	45,662		45,662
Miscellaneous	337,838		337,838
<b>TOTAL REVENUES</b>	<b>\$12,961,352</b>	<b>\$269,956</b>	<b>\$13,231,308</b>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
General Government	\$1,998,516	\$91,496	\$2,090,012
Public Safety	3,224,696	16,423	3,241,119
Environmental Protection	486,132	3,691	489,823
Economic and Physical Development	342,329	261,713	604,042
Human Services	3,724,573		3,724,573
Cultural and Recreational	198,549		198,549
Miscellaneous-County	57,759		57,759
<i>Intergovernmental:</i>			
Education	2,023,490		2,023,490
<i>Debt Service:</i>			
Principal	579,962		579,962
Interest	67,897		67,897
<b>Total Expenditures</b>	<b>\$12,703,903</b>	<b>\$373,323</b>	<b>\$13,077,226</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>\$257,449</b>	<b>(\$103,367)</b>	<b>\$154,082</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from Other Funds	\$100,000	\$33,199	\$133,199
Transfers to Other Funds	(33,199)		(33,199)
Transfer to Lenoir County		(357,974)	(357,974)
Loan Proceeds	576,923		576,923
<b>Total Other Financing Sources (Uses)</b>	<b>\$643,724</b>	<b>(\$324,775)</b>	<b>\$318,949</b>
<b>Net Change in Fund Balance</b>	<b>\$901,173</b>	<b>(\$428,142)</b>	<b>\$473,031</b>
<i>Fund Balances, Beginning</i>	7,540,995	436,597	7,977,592
<b>FUND BALANCES, ENDING</b>	<b>\$8,442,168</b>	<b>\$8,455</b>	<b>\$8,450,623</b>

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

**JONES COUNTY, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Fiscal Year Ended June 30, 2014

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

Net changes in fund balances - total governmental funds	\$473,031
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.	(169,613)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(104,170)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,041
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.	(9,515)
<b>Total Changes in Net Position of Governmental Activities</b>	<b><u>\$192,774</u></b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>Revenues:</b>				
Ad Valorem Taxes	\$5,889,884	\$5,889,884	\$6,452,799	\$562,915
Local Option Sales Tax	975,000	975,000	1,018,213	43,213
Other Taxes and Licenses	336,736	342,736	338,725	(4,011)
Unrestricted Intergovernmental	120,000	187,000	187,526	526
Restricted Intergovernmental	4,332,268	3,839,337	3,669,895	(169,442)
Permits and Fees	175,200	274,324	213,064	(61,260)
Sales and Services	667,400	700,500	697,630	(2,870)
Investment Earnings	40,000	45,000	45,662	662
Miscellaneous	165,430	200,578	337,838	137,260
<b>Total Revenues</b>	<b>\$12,701,918</b>	<b>\$12,454,359</b>	<b>\$12,961,352</b>	<b>\$506,993</b>
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	\$1,887,920	\$2,279,486	\$1,998,516	\$280,970
Public Safety	3,212,703	3,553,826	3,224,696	329,130
Environmental Protection	501,290	550,540	486,132	64,408
Economic and Physical Development	261,902	391,602	342,329	49,273
Human Services	4,731,345	4,388,441	3,724,573	663,868
Cultural and Recreational	169,540	218,983	198,549	20,434
Miscellaneous-County	139,000	142,500	57,759	84,741
<i>Intergovernmental:</i>				
Education	2,052,609	2,109,259	2,023,490	85,769
<i>Debt Service:</i>				
Principal Retirement	579,962	579,962	579,962	
Interest	126,092	126,092	67,897	58,195
<b>Total Expenditures</b>	<b>\$13,662,363</b>	<b>\$14,340,691</b>	<b>\$12,703,903</b>	<b>\$1,636,788</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$960,445)</b>	<b>(\$1,886,332)</b>	<b>\$257,449</b>	<b>\$2,143,781</b>
<b>Other Financing Sources (Uses):</b>				
Transfers (To) From Other Funds	\$100,000	\$70,800	\$66,801	(\$3,999)
Loan Proceeds		472,638	576,923	104,285
Appropriated Fund Balance	860,445	1,342,894		(1,342,894)
<b>Total Other Financing Sources (Uses)</b>	<b>\$960,445</b>	<b>\$1,886,332</b>	<b>\$643,724</b>	<b>(\$1,242,608)</b>
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$901,173</b>	<b>\$901,173</b>
<b>Fund Balances:</b>				
Beginning of Year, July 1			7,540,995	
End of Year, June 30			<b>\$8,442,168</b>	

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2014

	<b>Major Fund</b>
	<b>Water</b>
<b><u>ASSETS</u></b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$2,033,210
Receivables, Net	176,287
Due From Other Governments	462,422
Inventories	68,501
<b>Total Current Assets</b>	<b>\$2,740,420</b>
<i>Noncurrent Assets:</i>	
Restricted Cash and Cash Equivalents	\$143,799
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	1,969,012
Other Capital Assets, Net of Depreciation	6,526,490
<b>Total Capital Assets</b>	<b>\$8,495,502</b>
<b>TOTAL ASSETS</b>	<b>\$11,379,721</b>
<b><u>LIABILITIES</u></b>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$233,941
Current Portion of Installment Obligation Payable	150,474
<b>Total Current Liabilities</b>	<b>\$384,415</b>
<i>Noncurrent Liabilities:</i>	
<i>Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	\$116,415
Compensated Absences	43,914
Installment Obligation Payable	2,204,845
<b>Total Noncurrent Liabilities</b>	<b>\$2,365,174</b>
<b>TOTAL LIABILITIES</b>	<b>\$2,749,589</b>
<i>Net Position:</i>	
Net Investment In Capital Assets	\$6,140,183
Restricted	27,343
Unrestricted	2,462,606
<b>Total Net Position</b>	<b>\$8,630,132</b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2014

	<b>Major Fund</b>
	<b>Water</b>
<b>OPERATING REVENUES:</b>	
Water Sales	\$1,194,991
Water Tap Fees	25,000
Reconnect Fees	22,520
Other Operating Revenues	20,512
<b>Total Operating Revenues</b>	<b>\$1,263,023</b>
<b>OPERATING EXPENSES:</b>	
Administration	\$269,649
Raw Water Supply Maintenance	559,887
Depreciation	240,016
<b>Total Operating Expenses</b>	<b>\$1,069,552</b>
<b>Operating Income</b>	<b>\$193,471</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Earned on Investment	\$42
Interest on Long-Term Debt	(20,927)
NC Rural Economic Development Grant	28,717
Alternative Water Engineering Analysis Grant	40,000
<b>Total Nonoperating Revenues</b>	<b>\$47,832</b>
Income (Loss) Before Contributions and Transfers	\$241,303
Transfers From (To) Other Funds	(100,000)
<b>Change in Net Position</b>	<b>\$141,303</b>
Total Net Position, Beginning	8,488,829
<b>Total Net Position, Ending</b>	<b>\$8,630,132</b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2014

	<b>Major Fund</b>
	<b>Water</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$1,249,309
Cash Paid for Goods and Services	(441,139)
Cash Paid to Employees for Services	(328,082)
Customer Deposits Received	25,300
Customer Deposits Returned	(16,375)
Other Operating Revenues	20,512
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$509,525</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers In (Out)	<b>(\$100,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(\$1,892,439)
Principal Paid on Indebtedness	(6,023)
Interest Paid on Indebtedness	(20,927)
Drinking Water State Revolving Fund Loan	1,568,815
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(\$350,574)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<b>\$42</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$58,993</b>
Cash and Cash Equivalents, July 1	2,118,016
<b>Cash and Cash Equivalents, June 30</b>	<b>\$2,177,009</b>
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	<b>\$193,471</b>
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$240,016
<i>Changes in Operating Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	6,798
Decrease (Increase) in Inventory	(3,334)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	50,925
Increase (Decrease) in Customer Deposits	8,925
Increase (Decrease) in Accrued Vacation Payable	12,724
<b>Total Adjustments</b>	<b>\$316,054</b>
<b>Net Cash Provided by (Used by) Operating Activities</b>	<b>\$509,525</b>

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

**JONES COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
For the Year Ended June 30, 2014

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	<b>Agency Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$99,473
Accounts Receivable	8,570
<b>Total Assets</b>	<b><u>\$108,043</u></b>
<b><u>Liabilities and Net Position</u></b>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$108,043
<b>Total Liabilities</b>	<b><u>\$108,043</u></b>
<i>Net Position:</i>	
Assets Held in Trust	<b><u>\$0</u></b>

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, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

The County reports the following major governmental funds:

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

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 but that are not revenues to the County, the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office, the Animal Cruelty Fund, which accounts for the moneys collected and dispersed by the Animal Control department and the Miscellaneous Trust Fund which accounts for all other moneys collected and dispersed by the County for various other organizations in the County.

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

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

The County considers all revenues available if they are collected within 30 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

### **C. BUDGETARY DATA**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation, Emergency Telephone System, and Hazard Mitigation Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Fund and the Enterprise Capital Project 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, 2014

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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$678,328 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY**

**1. Deposits and Investments**

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

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

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

**2. Use of Estimates**

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

**3. Cash and Cash Equivalents**

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

**4. Restricted Assets**

As a part of the two loan agreements with the US Department of Agriculture (USDA), the County has restricted cash equal to one annual loan payment including interest. To meet this requirement, the County has purchased two certificates of deposit at Branch Bank and Trust Company. The total amount of the cash restrictions, by the terms of the loan agreements, was \$109,683 at June 30, 2014. 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 \$143,799 at June 30, 2014. Money in the Tax Revaluation Fund in the amount of \$8,455 is classified as restricted cash because its use is restricted per North Carolina General Statute 153A-150. Total restricted cash at June 30, 2014 amounted to \$261,937.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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**Jones County Restricted Cash**

<i>Governmental Activities:</i>	
General Fund - USDA Admin CD	\$78,733
General Fund - Customer Deposits	30,950
Tax Revaluation Fund - Tax Revaluation	8,455
<b>Total Governmental Activities</b>	<b><u>\$118,138</u></b>
<i>Business-Type Activities:</i>	
Utility Fund - Investments USDA Water CD	\$27,384
Utility Fund - Customer Deposits	116,415
<b>Total Business-Type Activities</b>	<b><u>\$143,799</u></b>
<b>Total Restricted Cash</b>	<b><u>\$261,937</u></b>

**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, 2013. 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.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County does not have any items that meet this criterion as of June 30, 2014. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category – prepaid taxes and prepaid rent.

**10. Long-Term Obligations**

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

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

**11. Compensated Absences**

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

**12. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

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

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2,338,154 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)	\$9,772,963
Less Accumulated Depreciation	(3,554,424)
Net Capital Assets	\$6,218,539
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	82,541
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	736,633
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	(4,352,374)
Compensated absences	(287,593)
Accrued interest payable	(15,024)
Net pension obligation	(44,568)
<b>Total Adjustment</b>	<b>\$2,338,154</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$280,257) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$205,649
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	(375,262)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(576,923)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	579,964
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	(4,894)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(7,490)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	2,869
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements.	176,686
Reversal of deferred inflows of resources - taxes receivable - 7/01/13	(664,272)
Recording of deferred inflows of resources - taxes receivable - at 6/30/14	488,402
Decrease in accrued taxes receivable for year ended 6/30/14	3,800
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	(108,786)
<b>Total Adjustment</b>	<b><u>(\$280,257)</u></b>

**JONES COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2014**

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

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

**Noncompliance with North Carolina General Statutes**

None noted.

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

None noted.

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the fiscal year ended June 30, 2014, the County reported the following expenditures 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>
General Fund			
Transfer to Special Revenue Fund	\$29,200	\$33,199	\$3,999
Hazard Mitigation Fund			
Legal	\$2,050	\$2,216	\$166
Water Fund			
Raw Water Supply and Maintenance	\$527,157	\$559,887	\$32,730
Transfer to Automatic Meter Reading Capital Project Fund		\$2,473	\$2,473
Automatic Meter Reading Capital Project Fund			
Advertisements	\$500	\$2,469	\$1,969

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**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, 2014, the County's deposits had a carrying amount of \$1,355,230 and a bank balance of \$1,597,815. Of the bank balance, \$395,372 was covered by federal depository insurance and \$1,202,443 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2014, Jones County had \$1,100 cash on hand.

At June 30, 2014, the carrying amount of deposits for Jones County ABC Board was \$36,947 and the bank balance was \$59,649. All of the bank balance was covered by federal depository insurance. At June 30, 2014, the ABC Board had \$1,500 cash on hand.

**2. Investments**

At June 30, 2014, the County's investment balances were as follows:

	<b>Fair Value</b>
NC Capital Management Trust - Cash Portfolio	\$8,014,518
<b>Total Investments</b>	<b>\$8,014,518</b>

The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014. The County has no policy on credit risk.

At June 30, 2014, the ABC Board had no investments.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2013	\$713,137	\$41,005	\$754,142
2012	708,703	40,750	749,453
2011	651,162	96,046	747,208
2010	605,224	143,741	748,965
<b>Total</b>	<b>\$2,678,226</b>	<b>\$321,542</b>	<b>\$2,999,768</b>

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$184,737	\$585,944	\$705,650	\$1,476,331
Other Governmental			68,763	68,763
<b>Total Receivables</b>	<b>\$184,737</b>	<b>\$585,944</b>	<b>\$774,413</b>	<b>\$1,545,094</b>
Allowance for Doubtful Accounts	(44,800)	(15,000)		(59,800)
<b>Total Governmental Activities</b>	<b>\$139,937</b>	<b>\$570,944</b>	<b>\$774,413</b>	<b>\$1,485,294</b>
<b>Business-type Activities:</b>				
Water	\$238,587		\$462,422	\$701,009
<b>Total Receivables</b>	<b>\$238,587</b>	<b>\$0</b>	<b>\$462,422</b>	<b>\$701,009</b>
Allowance for Doubtful Accounts	(62,300)			(62,300)
<b>Total Business-type Activities</b>	<b>\$176,287</b>	<b>\$0</b>	<b>\$462,422</b>	<b>\$638,709</b>

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

Various Human Services Revenues	\$251,385
Local option sales tax	187,675
Sales tax	174,644
USDA - RBEG Grant	75,000
Solid Waste	1,517
Scrap Tire	3,250
NC Drinking Water State Revolving Loan Fund	314,199
Rural Center - EIP	64,346
Hazard Mitigation Grant	3,691
Community Development Block Grant	726
NC Rural Economic Development	68,717
Medicaid Hold Harmless	91,685
<b>Total Governmental Activities</b>	<b>\$1,236,835</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

Notes Receivable

The County has four 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 loan was paid in full on March 3, 2014.

The second loan was made on February 5, 2008 to Defense Holdings, Inc. Defense Holdings Inc. is a manufacturing business and has used the proceeds to construct their operating facility. The terms of the loan call for monthly payments of \$9,578 including interest of 4.80%. Additionally, the agreement calls for a \$34,400 buyout fee unless the note is paid in full on or before January 31, 2016. Interest only payments were accepted beginning June 2012 and ended January 2014.

The third loan is related to an Economic Incentive Agreement with Technical Controls Consultants, LLC (TC2) and further with Helmick Properties, LLC which owns the TC2 site. The County is currently receiving Community Development Block Grant Funds to cover expenditures related to the TC2 project. On September 8, 2012, the County escrowed a contingency of \$121,250 to SoundBank for the benefit of Helmick in accordance with Helmick's loan commitment from SoundBank dated September 16, 2011. If any of these funds are drawn upon to complete the project, then Helmick will be required to start paying principal and interest on these funds at a rate of ½% below BB&T prime for a term of five years, payable monthly, beginning thirty days after the funds are drawn upon. The remaining escrow funds, if any, will be returned to the County. No funds have been drawn upon as of June 30, 2014.

The fourth loan was made on January 23, 2014 to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. Beer Army, LLC was current on all payments at June 30, 2014, however, as of the report date, no additional payments have been made.

The following summarizes the expected collection on these notes:

Principal Amounts Due for the Year Ended June 30:	DEFENSE HOLDINGS, INC.	HELMICK PROPERTIES LLC	BEER ARMY LLC	TOTAL
2015	\$74,243		\$54,608	\$128,851
2016	77,886		66,121	144,007
2017	81,708		68,132	149,840
2018	85,718		70,205	155,923
2019	89,924		40,934	130,858
2020-2024	472,025			472,025
Thereafter		\$121,250		121,250
	<b>\$881,504</b>	<b>\$121,250</b>	<b>\$300,000</b>	<b>\$1,302,754</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**5. Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$467,879	\$13,468		\$481,347
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$467,879</b>	<b>\$13,468</b>	<b>\$0</b>	<b>\$481,347</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$7,155,731	\$84,167	\$25,000	\$7,214,898
Infrastructure	152,235			152,235
Equipment	1,659,886	284,700	20,103	1,924,483
<b>Total Capital Assets Being Depreciated</b>	<b>\$8,967,852</b>	<b>\$368,867</b>	<b>\$45,103</b>	<b>\$9,291,616</b>
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$2,026,366	\$173,766	\$25,000	\$2,175,132
Infrastructure	30,562	3,045		33,607
Equipment	1,167,337	198,451	20,103	1,345,685
<b>Total Accumulated Depreciation</b>	<b>\$3,224,265</b>	<b>\$375,262</b>	<b>\$45,103</b>	<b>\$3,554,424</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<b>\$5,743,587</b>			<b>\$5,737,192</b>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$6,211,466</b>			<b>\$6,218,539</b>

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

General Government	\$103,582
Public Safety	156,408
Environmental Protection	1,633
Economic and Physical Development	41,053
Human Services	28,905
Cultural and Recreational	43,681
<b>Total Depreciation Expense</b>	<b>\$375,262</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**5. Capital Assets (continued)**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-type Activity:</b>				
Jones County Water Fund:				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$54,808			\$54,808
Construction in Progress	124,946	\$1,789,258		1,914,204
<i>Total Capital Assets Not Being Depreciated</i>	<b>\$179,754</b>	<b>\$1,789,258</b>	<b>\$0</b>	<b>\$1,969,012</b>
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution Systems	\$10,996,208			\$10,996,208
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	324,379	\$21,166	\$12,964	332,581
<b>Total Assets Being Depreciated</b>	<b>\$11,372,962</b>	<b>\$21,166</b>	<b>\$12,964</b>	<b>\$11,381,164</b>
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution Systems	\$4,288,998	\$226,605		\$4,515,603
Machinery and Equipment	52,377			52,377
Vehicles and Construction Equipment	286,247	13,411	\$12,968	286,690
<b>Total Accumulated Depreciation</b>	<b>\$4,627,622</b>	<b>\$240,016</b>	<b>\$12,968</b>	<b>\$4,854,670</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<b>\$6,745,340</b>			<b>\$6,526,494</b>
<b>Business-type Activity Capital Assets, Net</b>	<b>\$6,925,094</b>			<b>\$8,495,506</b>

**Construction Commitments**

The government has two active construction projects as of June 30, 2014. The projects include the Automatic Meter Reading Enterprise Capital Project and the Well Improvements Enterprise Capital Project. At June 30, 2014, the government's commitments with contractors is as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Automatic Meter Reading	\$1,885,487	\$144,513
Well Improvements	28,717	53,600
	<b>\$1,914,204</b>	<b>\$198,113</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2014 was as follows:

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	<b>\$15,073</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,073</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$81,739			\$81,739
Furniture/Equipment	81,354			81,354
Vehicles	15,602			15,602
<b>Total Capital Assets Being Depreciated</b>	<b>\$178,695</b>	<b>\$0</b>	<b>\$0</b>	<b>\$178,695</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings	\$73,416	\$1,354		\$74,770
Furniture/Equipment	72,137	2,167		74,304
Vehicles	15,602			15,602
<b>Total Capital Accumulated Depreciation</b>	<b>\$161,155</b>	<b>\$3,521</b>	<b>\$0</b>	<b>\$164,676</b>
<i>Total Capital Assets Being Depreciated, Net</i>	<b>\$17,540</b>			<b>\$14,019</b>
<b>Business-type Activity Capital Assets, Net</b>	<b>\$32,613</b>			<b>\$29,092</b>

**B. LIABILITIES**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$573,251	\$2,884	\$15,024	\$591,159
Other Governmental	1,350			1,350
<b>Total Governmental Activities</b>	<b>\$574,601</b>	<b>\$2,884</b>	<b>\$15,024</b>	<b>\$592,509</b>
<b>Business-type Activities:</b>				
Water Fund	\$233,777	\$164		\$233,941
<b>Total Business-type Activities</b>	<b>\$233,777</b>	<b>\$164</b>	<b>\$0</b>	<b>\$233,941</b>

The amount of \$573,251 which comprises the General Fund Vendors payables includes \$257,944 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.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**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 7.07% and 7.28%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% 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, 2014, 2013, and 2012 were \$274,165, \$258,915, and \$261,853, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$7,033, \$6,689, and \$6,952, 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, 2013, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	18
	18
<b>Total</b>	<b>18</b>

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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, 2013 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, 2013 was 17 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	\$8,660
Interest on Net Pension Obligation	1,858
Adjustment to Annual Required Contribution	(3,028)
<b>Annual Pension Cost</b>	<b>\$7,490</b>
 Contributions Made	 0
 <b>Increase (Decrease) in Net Pension Obligation</b>	 <b>\$7,490</b>
 Net Pension Obligation - Beginning of Year	 37,168
<b>Net Pension Obligation - End of Year</b>	<b>\$44,658</b>

**3 YEAR TREND INFORMATION**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	9,253	0%	29,973
June 30, 2013	7,195	0%	37,168
June 30, 2014	7,490	0%	44,658

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$39,582 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,582. The covered payroll (annual payroll of active employees covered by the plan) was \$610,313, and the ratio of the UAAL to the covered payroll was 6.49 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, 2014

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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, 2014 were \$79,584, which consisted of \$43,628 from the County and \$35,956 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, 2014, the County's required and actual contributions were \$801.

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, 2014

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**3. Deferred Outflows and Inflows of Resources**

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

	<b>Unavailable Revenue</b>	<b>Unearned Revenue</b>
Prepaid Property Taxes Not Yet Earned (General)		\$36,428
Taxes Receivable, Net (General), less penalties	\$488,403	
EMS Receivables, Net	49,549	
Other Receivables Not Available at Year End	198,681	
<b>Total</b>	<b>\$736,633</b>	<b>\$36,428</b>

The County does not have any deferred outflows of resources at June 30, 2014. The above shows deferred inflows of resources only.

**4. Risk Management**

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

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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

**5. Contingent Liabilities**

At June 30, 2014, 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, 2014 balance was \$1,340,417.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$21,642	\$56,988	\$78,630
2016	22,561	56,069	78,630
2017	23,520	55,110	78,630
2018	24,520	54,110	78,630
2019	26,648	53,068	79,716
2020-2024	145,058	248,092	393,150
2025--2029	178,617	214,533	393,150
2030-2034	219,939	173,211	393,150
2035-2039	270,821	122,329	393,150
2040-2044	333,475	59,675	393,150
2045-2049	73,616	3,196	76,812
	<b><u>\$1,340,417</u></b>	<b><u>\$1,096,381</u></b>	<b><u>\$2,436,798</u></b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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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 loan was paid in full on January 10, 2014.
  
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, 2014 balance was \$129,822.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$81,071		\$81,071
2016	32,500		32,500
2017	16,251		16,251
	<b>\$129,822</b>	<b>\$0</b>	<b>\$129,822</b>

4. 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, 2014 balance was \$25,000.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$25,000		\$25,000
	<b>\$25,000</b>	<b>\$0</b>	<b>\$25,000</b>

5. 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 loan was paid in full on July 28, 2013.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

6. On February 27, 2014 the County entered into a financing agreement with the North Carolina's Eastern Region for the purpose of funding the Jones County Revolving Loan Fund for Economic Development, including projects for acquisition of land, buildings, facilities, program, information and data systems, or infrastructure required to promote business or industry in Jones County. The County borrowed \$576,923 and the agreement calls for four consecutive annual payments of \$115,385 beginning on February 27, 2015 and one final payment of all remaining amounts due on or before January 27, 2019. The agreement carries no stated interest rate.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$115,385		\$115,385
2016	115,385		115,385
2017	115,385		115,385
2018	115,385		115,385
2019	115,383		115,383
	<b>\$576,923</b>	<b>\$0</b>	<b>\$576,923</b>

7. 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, 2014 balance was \$472,306.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$6,545	\$20,405	\$26,950
2016	6,832	20,118	26,950
2017	7,130	19,820	26,950
2018	7,442	19,508	26,950
2019	7,768	19,182	26,950
2020-2024	44,245	90,505	134,750
2025-2029	54,808	79,942	134,750
2030-2034	67,894	66,856	134,750
2035-2039	84,103	50,647	134,750
2040-2044	104,183	30,567	134,750
2045-2049	81,356	6,812	88,168
	<b>\$472,306</b>	<b>\$424,362</b>	<b>\$896,668</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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8. On May 28, 2013, the County entered into a financing agreement with the State of North Carolina by the Department of Environment and Natural Resources – Division of Water Resources for an Automatic Meter Reading Capital Project. The County will borrow a total of \$2,015,000. The agreement calls for fourteen annual payments of \$143,929. The agreement carries a 0% interest rate. The June 30, 2014 balance was \$1,883,014.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$143,929		\$143,929
2016	143,929		143,929
2017	143,929		143,929
2018	143,929		143,929
2019	143,929		143,929
2020-2024	719,643		719,643
2025-2029	443,726		443,726
	<b>\$1,883,014</b>	<b>\$0</b>	<b>\$1,883,014</b>

b. **Capital Lease**

The County has entered into an agreement to lease Register of Deeds computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The agreement was originally executed in July of 2001. On May 21, 2003 and January 27, 2006, this lease was modified and some equipment was changed out and updated. This lease was again modified on October 15, 2009 and some equipment was changed out and updated. Present terms require 5 annual payments of \$3,698 beginning on July 15, 2010. This lease was paid off as of July 15, 2013.

At June 30, 2014, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$28,460	\$28,460	\$0

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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**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, 2014 balance was \$280,122.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$50,412		\$50,412
2016	50,412		50,412
2017	50,412		50,412
2018	50,412		50,412
2019	50,412		50,412
2020-2024	28,062		28,062
	<b>\$280,122</b>	<b>\$0</b>	<b>\$280,122</b>

2. Qualified School Construction bonds (QSCB) issued on October 14, 2010 under Internal Revenue Code Section 54F; due serially to 2025 with no interest; collateralized by real estate, including a school gymnasium. The June 30, 2014 balance was \$1,760,000.

During the Year Ending June 30,	Principal	Interest	Total
2015	\$146,667		\$146,667
2016	146,667		146,667
2017	146,667		146,667
2018	146,667		146,667
2019	146,667		146,667
2020-2024	733,335		733,335
2025-2029	293,330		293,330
	<b>\$1,760,000</b>	<b>\$0</b>	<b>\$1,760,000</b>

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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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, 2014 balance was \$240,000.

<b>During the Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$20,000	\$3,240	\$23,240
2016	20,000	2,970	22,970
2017	20,000	2,700	22,700
2018	20,000	2,430	22,430
2019	20,000	2,160	22,160
2020-2024	100,000	6,750	106,750
2025-2029	40,000	810	40,810
	<b>\$240,000</b>	<b>\$21,060</b>	<b>\$261,060</b>

**Debt Related to Capital Activities** – Of the total Governmental Activities debt listed only \$1,495,239 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**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, 2014:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
<b>Governmental Activities:</b>					
USDA Loan	\$1,361,198		\$20,781	\$1,340,417	\$21,642
Eastern Region Loan	176,014		176,014		
Jones-Onslow EMC Loan	210,893		81,071	129,822	81,071
Lenoir Community College	75,000		50,000	25,000	25,000
Installment Purchase	31,454		31,454		
NC Eastern Region		\$576,923		576,923	115,385
Capitalized Leases	3,565		3,565		
Qualified Zone Academy Bonds	330,534		50,412	280,122	50,412
Qualified School Construction Bonds	2,166,667		166,667	2,000,000	166,667
Net Pension Obligation	37,168	\$7,490		44,658	
Compensated Absences	282,699	166,317	161,423	287,593	
<b>Total Governmental Activities</b>	<b>\$4,675,192</b>	<b>\$750,730</b>	<b>\$741,387</b>	<b>\$4,684,535</b>	<b>\$460,177</b>
<b>Business-type Activity:</b>					
USDA Loan	\$478,329		\$6,023	\$472,306	\$6,545
NC Drinking Water State Revolving Loan		\$1,883,014		1,883,014	143,929
Compensated Absences	31,190	17,086	4,362	43,914	
<b>Total</b>	<b>\$509,519</b>	<b>\$1,900,100</b>	<b>\$10,385</b>	<b>\$2,399,234</b>	<b>\$150,474</b>

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

**C. INTERFUND BALANCES AND ACTIVITY**

There are no interfund balances at June 30, 2014 for the County.

Transfers to/from other funds for the year ended June 30, 2014 were made to supplement other funding sources and consist of the following:

	TRANSFERS	
	FROM	TO
<b>Operating Transfers From / To Other Funds</b>		
<b>General Fund:</b>		
Special Revenue Fund		\$33,199
Enterprise Fund	\$100,000	
<b>Special Revenue Fund:</b>		
General Fund	33,199	
<b>Enterprise Fund:</b>		
General Fund		100,000
<b>Total Operating Transfers</b>	<b>\$133,199</b>	<b>\$133,199</b>

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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**IV. FUND BALANCE**

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

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

<b>Total Fund Balance - General Fund</b>	<b>\$8,442,168</b>
Less:	
Inventories	1,296
Stabilization by State Statute	1,967,524
Register of Deeds	42,113
Health Department	80,284
Facility Fees	53,441
White Goods	29,208
Schools	706,959
Economic Development	625,091
Long-Term Screening	146,685
Working Capital/Fund Balance Policy	4,789,567
	_____
<b>Remaining Fund Balance</b>	<b>\$0</b>
	_____

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

**V. JOINT VENTURES**

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$88,965 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 \$82,488 and \$0 to the community college for operating and capital purposes,

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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respectively, during the fiscal year ended June 30, 2014. 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, 2014. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$23,768 for the operation of the Center during the fiscal year ended June 30, 2014. 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, 2014. 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. The County received \$174,312 of the trust funds during the year, therefore, at June 30, 2014, the portion of the trust available to be loaned exclusively to Jones County was \$0.

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**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

**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.

	<b>Federal</b>	<b>State</b>
Medicaid	\$9,721,720	\$5,467,827
Supplemental Nutrition Assistance Program	3,248,656	
Temporary Assistance For Needy Families	43,393	
WIC	120,937	
Supplemental Assistance		64,672
Energy Assistance	69,100	
Foster Care	10,446	950
Adoption Assistance	3,909	16,496
NC Health Choice	187,652	59,198
<b>Total</b>	<b>\$13,405,813</b>	<b>\$5,609,143</b>

**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.

**JONES COUNTY BOARD OF EDUCATION**

During the year, the County was in a funding dispute with the Jones County Board of Education ("BOE"). On October 28, 2014, the County and the BOE reached a settlement agreement by agreeing to a five-year budget plan beginning with the 2015 - 2016 budget year. The agreement states that the County will remit forestry receipts to the BOE in addition to the local current expense funding. Previously, the forestry receipts had been used to offset the current expense allocation. In addition to the forestry receipts, The County will provide funding to the BOE over the next five years as follows:

<b>Current Expense</b>		<b>Capital Outlay</b>	
<b>Budget Year</b>	<b>Amount</b>	<b>Budget Year</b>	<b>Amount</b>
2015 - 2016	\$1,740,901	2015 - 2016	\$55,000
2016 - 2017	1,775,719	2016 - 2017	60,000
2017 - 2018	1,820,112	2017 - 2018	65,000
2018 - 2019	1,874,715	2018 - 2019	70,000
2019 - 2020	1,940,330	2019 - 2020	75,000
	<b>\$9,151,777</b>		<b>\$325,000</b>

Management believes that this agreement will not have a major impact on the County's budget over the next five years.

**JONES COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2014

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**INDUSTRIAL DEVELOPMENT UTILITY ACCOUNT GRANT**

The County has received \$355,679 in grant funds from the Industrial Development Fund Utility Account ("IDF") as part of the Technical Control Consultants Project accounted for in the Community Development Block Grant Fund. The IDF grant agreement stipulates that the County must create positions for 38 full-time employees requiring at least 1,600 hours of work in a year within three years from the date of the first disbursement of the IDF grant and must maintain these employment levels until the Department of Commerce notifies the County that the grant is closed. The County received their first IDF grant funds in June 2013, therefore in accordance with the grant agreement, the job creation requirement must be met by June 2016. As of the report date, the County has not created these jobs. Should the County fail to comply with the grant agreement by the deadline, they would be required to remit the grant funds back to the Department of Commerce.

**ECONOMIC DEVELOPMENT NOTE RECEIVABLE**

On January 23, 2014, The County made an economic development loan in the amount of \$300,000 to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. At June 30, 2014, Beer Army, LLC was current on all payments. As of the report date, no payments have been made in the fiscal year ending June 30, 2015.

**IX. SPECIAL ITEM – DONATED ASSETS**

The County received three vehicles valued at \$165,000 from government surplus. In addition, the County received a message board valued at \$11,686 to be used with a camel trailer. These items totaling \$176,686 are reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management.

**X. SPECIAL ITEM – TRANSFER TO LENOIR COUNTY**

During the fiscal year ended June 30, 2014, the County entered into an agreement with Lenoir County for 911 services. As a result, the Emergency Telephone System Fund Balance in the amount of \$357,974 was transferred to Lenoir County. This is reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management.

**XI. CAPITAL ASSETS – TOWN OF POLLOCKSVILLE**

From time to time, the County act as an agent for certain grant monies and expenditures for various towns in the county. The County never takes title to these assets. They are transferred to the respective town upon completion of the project. On November 4, 2013, the County transferred fixed assets in the amount of \$289,900 to the Town of Pollocksville for water improvements in association with the Costal Beverage Company Water Improvement Project. The County currently is acting as an agent for grant monies and expenditures related to water improvements for Technical Control Consultants on behalf of the Town of Pollocksville. At June 30, 2014, this project was not complete. Upon completion, the assets will transfer directly to Town of Pollocksville.

## **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, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Fund Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) /c)
12/31/97	\$0	\$31,737	\$31,737	0.00%	\$180,636	17.57%
12/31/98	0	23,650	23,650	0.00%	182,652	12.95%
12/31/99	0	23,898	23,898	0.00%	205,011	11.66%
12/31/00	0	20,704	20,704	0.00%	222,168	9.32%
12/31/01	0	20,801	20,801	0.00%	252,460	8.24%
12/31/02	0	42,508	42,508	0.00%	267,671	15.88%
12/31/03	0	32,716	32,716	0.00%	220,844	14.81%
12/31/04	0	28,538	28,538	0.00%	205,482	13.89%
12/31/05	0	19,162	19,162	0.00%	251,565	7.62%
12/31/06	0	20,139	20,139	0.00%	286,899	7.02%
12/31/07	0	4,154	4,154	0.00%	298,905	1.39%
12/31/08	0	11,088	11,088	0.00%	431,765	2.57%
12/31/09	0	18,428	18,428	0.00%	462,210	3.99%
12/31/10	0	26,908	26,908	0.00%	600,217	4.48%
12/31/11	0	19,264	19,264	0.00%	477,085	4.04%
12/31/12	0	26,706	26,706	0.00%	517,493	5.16%
12/31/13	0	39,582	39,582	0.00%	610,313	6.49%

**JONES COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 June 30, 2014

<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%
2013	7,195	0%
2014	7,490	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	12/31/13
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Remaining Amortization Period	17 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, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$5,818,984	\$6,365,768	\$546,784
Penalties and Interest	70,900	87,031	16,131
<b>Total Ad Valorem Taxes</b>	<b>\$5,889,884</b>	<b>\$6,452,799</b>	<b>\$562,915</b>
<b>Local Option Sales Taxes:</b>			
Articles 39, 40, 42 and 44	<b>\$975,000</b>	<b>\$1,018,213</b>	<b>\$43,213</b>
<b>Other Taxes and Licenses:</b>			
Medicaid Hold Harmless Tax	\$282,736	\$282,736	
Real Estate Transfer Tax	34,000	36,977	\$2,977
Scrap Tire Disposal Tax	20,000	12,963	(7,037)
Solid Waste Disposal Tax	6,000	6,050	50
<b>Total Other Taxes and Licenses</b>	<b>\$342,736</b>	<b>\$338,725</b>	<b>(4,011)</b>
<b>Unrestricted Intergovernmental Revenue:</b>			
Payments in Lieu of Taxes	\$148,000	\$148,433	\$433
Beer & Wine Tax	39,000	39,093	93
<b>Total Unrestricted Intergovernmental Revenue</b>	<b>\$187,000</b>	<b>\$187,526</b>	<b>\$526</b>
<b>Restricted Intergovernmental Revenue:</b>			
State and Federal Grants	\$3,182,982	\$3,057,339	(\$125,643)
Eastern Region GTP/DMV Funds	174,312	174,312	
Health Medicaid Cost Study		46,956	46,956
Court Facilities Fees	30,000	28,374	(1,626)
ABC - 5 cent Bottle Tax	3,000	3,182	182
ABC - 1 cent Bottle Tax	600	280	(320)
Juvenile Justice and Delinquency	159,785	86,595	(73,190)
Veterans Commission	1,400	1,452	52
Child Abuse	150	155	5
Domestic Violence	750	930	180
National Forest Receipts/Schools	32,000	41,247	9,247
Lottery Funds	150,000	150,000	
DWI/Safe Roads Act	1,200	993	(207)
Emergency Management	47,321	35,192	(12,129)
Soil Conservation	55,837	42,888	(12,949)
<b>Total Restricted Intergovernmental Revenue</b>	<b>\$3,839,337</b>	<b>\$3,669,895</b>	<b>(\$169,442)</b>

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Permits and Fees:</b>			
Beer & Wine		\$315	\$315
Concealed/Handgun Permits	\$16,500	16,619	119
Building and Other Permits and Fees	208,824	141,368	(67,456)
Register of Deeds	43,000	47,083	4,083
Marriage Licenses	1,000	775	(225)
Franchise - Cable TV	5,000	6,904	1,904
<b>Total Permits &amp; Fees</b>	<b>\$274,324</b>	<b>\$213,064</b>	<b>(\$61,260)</b>
<b>Sales and Services:</b>			
Jail and Officer Fees	\$29,000	\$32,745	\$3,745
EMS Fees	301,000	305,944	4,944
Town Tax Billings & Collection	16,600	13,791	(2,809)
Vending Machines	300	252	(48)
Solid Waste/Recycling	21,500	17,277	(4,223)
Curbside Service	332,100	327,621	(4,479)
<b>Total Sales &amp; Services</b>	<b>\$700,500</b>	<b>\$697,630</b>	<b>(\$2,870)</b>
<b>Total Investment Earnings</b>	<b>\$45,000</b>	<b>\$45,662</b>	<b>\$662</b>
<b>Other Revenues:</b>			
Rent - Economic Development	\$99,050	\$94,841	(\$4,209)
Civic Center Rent	25,400	33,173	7,773
FSA Rent	4,480	4,853	373
Goshen Medical Clinic	30,000	30,000	
Golden Leaf Grant		75,000	75,000
Other	41,648	99,971	58,323
<b>Total Other Revenues</b>	<b>\$200,578</b>	<b>\$337,838</b>	<b>\$137,260</b>
<b>TOTAL REVENUES</b>	<b>\$12,454,359</b>	<b>\$12,961,352</b>	<b>\$506,993</b>

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries & Employee Benefits	\$58,425	\$59,634	(\$1,209)
Operating Expenses	43,414	35,115	8,299
Insurance Other Than Property	294,500	251,084	43,416
<b>Total</b>	<b>\$396,339</b>	<b>\$345,833</b>	<b>\$50,506</b>
<b>Elections:</b>			
Salaries & Employee Benefits	\$88,400	\$79,304	\$9,096
Operating Expenses	52,050	44,939	7,111
<b>Total</b>	<b>\$140,450</b>	<b>\$124,243</b>	<b>\$16,207</b>
<b>Finance:</b>			
Salaries & Employee Benefits	\$179,117	\$178,570	\$547
Operating Expenses	83,200	63,280	19,920
<b>Total</b>	<b>\$262,317</b>	<b>\$241,850</b>	<b>\$20,467</b>
<b>Taxes:</b>			
Salaries & Employee Benefits	\$253,126	\$238,098	\$15,028
Operating Expenses	117,751	128,599	(10,848)
<b>Total</b>	<b>\$370,877</b>	<b>\$366,697</b>	<b>\$4,180</b>
<b>Legal:</b>			
Contracted Services	\$120,500	\$71,126	\$49,374
<b>Jury Commission:</b>			
Salaries & Employee Benefits	\$270	\$205	\$65
Operating Expenses	1,300	922	378
<b>Total</b>	<b>\$1,570</b>	<b>\$1,127</b>	<b>\$443</b>
<b>Register of Deeds:</b>			
Salaries & Employee Benefits	\$90,869	\$90,404	\$465
Operating Expenses	59,475	45,539	13,936
<b>Total</b>	<b>\$150,344</b>	<b>\$135,943</b>	<b>\$14,401</b>
<b>Public Buildings:</b>			
Salaries & Employee Benefits	\$73,545	\$65,162	\$8,383
Operating Expenses	236,890	206,694	30,196
Building Improvement	150,000	110,744	39,256
Capital	4,500	4,500	4,500
<b>Total</b>	<b>\$464,935</b>	<b>\$382,600</b>	<b>\$82,335</b>

**JONES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Court Facilities:</b>			
Salaries & Employee Benefits	\$22,898	\$19,597	\$3,301
Operating Expenses	45,000	16,710	28,290
<b>Total</b>	<b>\$67,898</b>	<b>\$36,307</b>	<b>\$31,591</b>
<b>Administration:</b>			
Salaries & Employee Benefits	\$155,631	\$152,340	\$3,291
Operating Expenses	44,925	25,576	19,349
Capital		13,468	(13,468)
<b>Total</b>	<b>\$200,556</b>	<b>\$191,384</b>	<b>\$9,172</b>
<b>Computer:</b>			
Operating Expenses	<b>\$103,700</b>	<b>\$101,406</b>	<b>\$2,294</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$2,279,486</b>	<b>\$1,998,516</b>	<b>\$280,970</b>
<b>Public Safety:</b>			
<b>Sheriff's Department:</b>			
Salaries & Employee Benefits	\$844,643	\$827,841	\$16,802
Operating Expenses	351,350	296,658	54,692
Capital	104,748	103,760	988
<b>Total</b>	<b>\$1,300,741</b>	<b>\$1,228,259</b>	<b>\$72,482</b>
<b>County Jail:</b>			
Salaries & Employee Benefits	\$413,192	\$401,323	\$11,869
Operating Expenses	438,650	355,548	83,102
<b>Total</b>	<b>\$851,842</b>	<b>\$756,871</b>	<b>\$94,971</b>
<b>Inspections:</b>			
Salaries & Employee Benefits	\$69,171	\$56,938	\$12,233
Operating Expenses	41,550	35,629	5,921
<b>Total</b>	<b>\$110,721</b>	<b>\$92,567</b>	<b>\$18,154</b>
<b>Emergency Management:</b>			
Salaries & Employee Benefits	\$62,848	\$53,380	\$9,468
Operating Expenses	14,210	6,736	7,474
Capital		4,254	(4,254)
<b>Total</b>	<b>\$77,058</b>	<b>\$64,370</b>	<b>\$12,688</b>
<b>Emergency Services:</b>			
Salaries & Employee Benefits	\$416,791	\$406,451	\$10,340
Operating Expenses	385,583	284,436	101,147
Aid to Local Fire Department	56,295	56,295	
Aid to Local Rescue Squads	43,410	43,410	
<b>Total</b>	<b>\$902,079</b>	<b>\$790,592</b>	<b>\$111,487</b>

**JONES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Communication System:</b>			
Salaries & Employee Benefits	\$8,074	\$6,588	\$1,486
Operating Expenses	291,005	281,031	9,974
<b>Total</b>	<b>\$299,079</b>	<b>\$287,619</b>	<b>\$11,460</b>
<b>Medical Examiner:</b>			
Professional Services	<b>\$6,000</b>	<b>\$1,200</b>	<b>\$4,800</b>
<b>Rabies Control:</b>			
Salaries & Employee Benefits	\$4,306	\$2,002	\$2,304
Operating Expenses	2,000	1,216	784
<b>Total</b>	<b>\$6,306</b>	<b>\$3,218</b>	<b>\$3,088</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$3,553,826</b>	<b>\$3,224,696</b>	<b>\$329,130</b>
<b>Environmental Protection:</b>			
<b>Sanitation:</b>			
Salaries & Employee Benefits	\$39,613	\$34,377	\$5,236
Operating Expenses	269,620	241,931	27,689
Contracted Services	67,400	46,976	20,424
<b>Total</b>	<b>\$376,633</b>	<b>\$323,284</b>	<b>\$53,349</b>
<b>State Forest Protection</b>	<b>\$69,310</b>	<b>\$66,697</b>	<b>\$2,613</b>
<b>Soil Conservation:</b>			
Salaries & Employee Benefits	\$93,841	\$93,524	\$317
Operating Expenses	10,756	2,627	8,129
<b>Total</b>	<b>\$104,597</b>	<b>\$96,151</b>	<b>\$8,446</b>
<b>TOTAL ENVIRONMENTAL PROTECTION</b>	<b>\$550,540</b>	<b>\$486,132</b>	<b>\$64,408</b>
<b>Economic &amp; Physical Development:</b>			
<b>Agricultural Extension:</b>			
Salaries & Employee Benefits	\$125,455	\$120,200	\$5,255
Operating Expenses	53,589	42,609	10,980
<b>Total</b>	<b>\$179,044</b>	<b>\$162,809</b>	<b>\$16,235</b>

**JONES COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014**

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Economic Development:</b>			
Salaries & Employee Benefits	\$65,992	\$41,463	\$24,529
Operating Expenses	49,366	48,743	623
Capital	87,000	84,167	2,833
<b>Total</b>	<b>\$202,358</b>	<b>\$174,373</b>	<b>\$27,985</b>
<b>Commissions, Committees &amp; Councils Planning:</b>			
Operating Expenses	\$10,200	\$5,147	\$5,053
<b>TOTAL ECONOMIC &amp; PHYSICAL DEVELOPMENT</b>	<b>\$391,602</b>	<b>\$342,329</b>	<b>\$49,273</b>
<b>HUMAN SERVICES:</b>			
<b>Health:</b>			
<b>Administration:</b>			
Salaries & Employee Benefits	\$370,897	\$367,451	\$3,446
Operating Expenses	195,821	175,801	20,020
<b>Total</b>	<b>\$566,718</b>	<b>\$543,252</b>	<b>\$23,466</b>
<b>Tuberculosis:</b>			
Salaries and Employee Benefits	\$2,414	\$1,392	\$1,022
Operating Expenses	913	744	169
<b>Total</b>	<b>\$3,327</b>	<b>\$2,136</b>	<b>\$1,191</b>
<b>Bioterrorism</b>			
Operating Expenses	\$30,993	\$20,942	\$10,051
<b>Aids</b>	<b>\$500</b>	<b>\$317</b>	<b>\$183</b>
<b>Communicable Disease:</b>			
Salaries & Employee Benefits	\$8,669	\$8,620	\$49
Operating Expenses	1,109	291	818
<b>Total</b>	<b>\$9,778</b>	<b>\$8,911</b>	<b>\$867</b>

## JONES COUNTY, NORTH CAROLINA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Family Planning:</b>			
Salaries & Employee Benefits	\$49,587	\$21,890	\$27,697
Operating Expenses	12,766	8,674	4,092
<b>Total</b>	<b>\$62,353</b>	<b>\$30,564</b>	<b>\$31,789</b>
<b>Maternity Care:</b>			
Salaries & Employee Benefits	\$18,789	\$0	\$18,789
<b>Community Transformation:</b>			
Operating Expenses	\$37,000	\$13,403	\$23,597
<b>Environmental Health:</b>			
Salaries & Employee Benefits	\$16,162	\$16,157	\$5
Operating Expenses	838	720	118
<b>Total</b>	<b>\$17,000</b>	<b>\$16,877</b>	<b>\$123</b>
<b>Cancer Prevention:</b>			
Operating Expenses	\$6,129	\$5,694	\$435
<b>Immunization Action Plan:</b>			
Salaries & Employee Benefits	\$4,374	\$2,524	\$1,850
Operating Expenses	1,318	1,170	\$148
<b>Total</b>	<b>\$5,692</b>	<b>\$3,694</b>	<b>\$1,998</b>
<b>Maternal &amp; Child Health:</b>			
Salaries & Employee Benefits	\$40,764		\$40,764
Operating Expenses	7,128	\$845	6,283
<b>Total</b>	<b>\$47,892</b>	<b>\$845</b>	<b>\$47,047</b>
<b>Women, Infants &amp; Children</b>			
<b>Supplement Food:</b>			
Salaries & Employee Benefits	\$54,276	\$52,917	\$1,359
Operating Expenses	6,527	7,886	(1,359)
<b>Total</b>	<b>\$60,803</b>	<b>\$60,803</b>	<b>\$0</b>
<b>School Health Education:</b>			
Salaries & Employee Benefits	\$49,776	\$18,422	\$31,354
Operating Expenses	224	19,439	(19,215)
<b>Total</b>	<b>\$50,000</b>	<b>\$37,861</b>	<b>\$12,139</b>

**JONES COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014**

	<b>Budget</b>	<b>2014 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Health Promotions:</b>			
Salaries & Employee Benefits		\$1,955	(\$1,955)
Operating Expenses	\$15,258	13,303	1,955
<b>Total</b>	<b>\$15,258</b>	<b>\$15,258</b>	<b>\$0</b>
<b>Child Services - Coordinator:</b>			
Salaries & Employee Benefits	\$19,910		\$19,910
Operating Expenses	1,010	\$1,469	(459)
<b>Total</b>	<b>\$20,920</b>	<b>\$1,469</b>	<b>\$19,451</b>
<b>Family Based Counseling:</b>			
Operating Expenses	<b>\$73,190</b>	<b>\$58,162</b>	<b>\$15,028</b>
<b>Wellness:</b>			
Salaries & Employee Benefits	\$6,181	\$23,317	(\$17,136)
Operating Expenses	29,819	12,649	17,170
<b>Total</b>	<b>\$36,000</b>	<b>\$35,966</b>	<b>\$34</b>
<b>Mosquito Control:</b>			
Operating Expenses	<b>\$3,500</b>	<b>\$100</b>	<b>\$3,400</b>
<b>Teen Pregnancy Prevention:</b>			
Salaries & Employee Benefits	\$46,859	\$46,727	\$132
Operating Expenses	28,141	25,828	2,313
<b>Total</b>	<b>\$75,000</b>	<b>\$72,555</b>	<b>\$2,445</b>

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Miracle Health Disparities Grant:</b>			
Salaries & Employee Benefits	\$20,798	\$20,797	\$1
Operating Expenses	102	87	15
<b>Total</b>	<b>\$20,900</b>	<b>\$20,884</b>	<b>\$16</b>
<b>Maternity Care:</b>			
Operating Expenses	\$639	\$0	\$639
<b>Total Health</b>	<b>\$1,162,381</b>	<b>\$949,693</b>	<b>\$212,688</b>
<b>Mental Health:</b>			
<b>Administration:</b>			
Regional Allocation	\$20,306	\$20,306	
Bottle Tax	4,100	3,462	\$638
<b>Total Mental Health</b>	<b>\$24,406</b>	<b>\$23,768</b>	<b>\$638</b>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries & Employee Benefits	\$1,235,586	\$1,118,016	\$117,570
Operating Expenses	285,650	238,366	47,284
<b>Total</b>	<b>\$1,521,236</b>	<b>\$1,356,382</b>	<b>\$164,854</b>
<b>AFDC Program:</b>			
Extra Items	\$4,000	\$2,915	\$1,085
Foster Care	145,000	139,034	5,966
<b>Total</b>	<b>\$149,000</b>	<b>\$141,949</b>	<b>\$7,051</b>

**JONES COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Medicaid Program:</b>			
County Participation Only	\$10,000	\$0	\$10,000
<b>Child Protective Services</b>	\$100	\$0	\$100
<b>Foster Care</b>	\$20,000	\$4,140	\$15,860
<b>General Assistance</b>	\$1,150	\$0	\$1,150
<b>Aid to Blind</b>	\$1,100	\$1,063	\$37
<b>Day Care - County Participation</b>	\$573,501	\$514,347	\$59,154
<b>Food Stamp - EBT</b>	\$4,849	\$3,860	\$989
<b>Title III - Homemaker:</b>			
Salaries & Employee Benefits	20,475	20,402	73
Operating Expenses	4,750	562	4,188
<b>Total</b>	<b>\$25,225</b>	<b>\$20,964</b>	<b>\$4,261</b>
<b>Work First Jobs Program</b>	\$35,700	\$32,839	\$2,861
<b>Supplemental Assistance</b>	\$113,208	\$64,076	\$49,132
<b>Medicaid Transportation</b>	\$250,000	\$204,258	\$45,742
<b>Crisis Intervention</b>	\$46,410	\$32,587	\$13,823
<b>Emergency Assistance</b>	\$69,324	\$69,100	\$224
<b>Adoption Assistance</b>	\$6,700	\$0	\$6,700
<b>Energy Assistance - Progress Energy</b>	\$9,720	\$209	\$9,511
<b>Adult &amp; Youth Services</b>	\$2,700	\$1,339	\$1,361
<b>Long-Term Care Screening</b>	\$8,000	\$5,875	\$2,125
<b>Total Social Services</b>	<b>\$2,847,923</b>	<b>\$2,452,988</b>	<b>\$394,935</b>

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Veterans Service Officer:</b>			
Salaries & Employee Benefits	\$24,015	\$22,387	\$1,628
Operating Expenses	5,350	2,703	2,647
<b>Total Veterans Service Officer</b>	<b>\$29,365</b>	<b>\$25,090</b>	<b>\$4,275</b>
<b>Rural Transportation</b>	<b>\$137,154</b>	<b>\$117,900</b>	<b>\$19,254</b>
<b>Tri-County Senior Citizens:</b>			
Salaries & Employee Benefits	\$34,908	\$34,195	\$713
Title V	141,504	111,414	30,090
Transportation		73	(73)
SR Services Outreach	4,300	4,243	57
General Purpose	6,500	5,210	1,290
<b>Total Tri-County Senior Citizens</b>	<b>\$187,212</b>	<b>\$155,135</b>	<b>\$32,077</b>
<b>TOTAL HUMAN SERVICES</b>	<b>\$4,388,441</b>	<b>\$3,724,573</b>	<b>\$663,868</b>
<b>Cultural and Recreational:</b>			
<b>Recreational:</b>			
Salaries & Employee Benefits	\$33,375	\$27,954	\$5,421
Operating Expenses	17,925	19,734	(1,809)
<b>Total</b>	<b>\$51,300</b>	<b>\$47,688</b>	<b>\$3,612</b>
<b>Civic Center:</b>			
Operating Expenses	\$43,975	\$33,234	\$10,741
<b>Interagency Council:</b>			
Operating Expenses	\$7,200	\$6,704	\$496
<b>Arts Council Appropriation</b>	<b>\$1,775</b>	<b>\$1,775</b>	<b>\$0</b>
<b>Youth Skills</b>			
Operating Expenses	\$24,743	\$20,183	\$4,560
<b>Libraries Appropriation</b>	<b>\$89,990</b>	<b>\$88,965</b>	<b>\$1,025</b>
<b>TOTAL CULTURAL AND RECREATIONAL</b>	<b>\$218,983</b>	<b>\$198,549</b>	<b>\$20,434</b>

JONES COUNTY, NORTH CAROLINA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2014

	Budget	2014 Actual	Variance Favorable (Unfavorable)
<b>Education:</b>			
<b>Public Schools:</b>			
Current Expense	\$1,435,901	\$1,425,292	\$10,609
Forest Receipts	30,000	40,609	(10,609)
Capital Outlay	560,850	475,101	85,749
<b>Total</b>	<b>\$2,026,751</b>	<b>\$1,941,002</b>	<b>\$85,749</b>
<b>Community College:</b>			
Operating Expenses	\$82,508	\$82,488	\$20
<b>TOTAL EDUCATION</b>	<b>\$2,109,259</b>	<b>\$2,023,490</b>	<b>\$85,769</b>
<b>Debt Service:</b>			
Principal Retirement	\$579,962	\$579,962	
Interest	126,092	67,897	\$58,195
<b>Total</b>	<b>\$706,054</b>	<b>\$647,859</b>	<b>\$58,195</b>
<b>Miscellaneous - County</b>	<b>\$142,500</b>	<b>\$57,759</b>	<b>\$84,741</b>
<b>TOTAL EXPENDITURES</b>	<b>\$14,340,691</b>	<b>\$12,703,903</b>	<b>\$1,636,788</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$1,886,332)</b>	<b>\$257,449</b>	<b>\$2,143,781</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
<b>Transfers from Other Funds:</b>			
Enterprise Fund	\$100,000	\$100,000	
<b>Transfers to Other Funds:</b>			
Special Revenue Fund	(29,200)	(33,199)	(\$3,999)
Loan Proceeds	472,638	576,923	104,285
Appropriated Fund Balance	1,342,894		(1,342,894)
<b>Total Other Financing Sources (Uses)</b>	<b>\$1,886,332</b>	<b>\$643,724</b>	<b>(\$1,242,608)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$0</b>	<b>\$901,173</b>	<b>\$901,173</b>
<b>FUND BALANCES:</b>			
Beginning of Year, July 1		7,540,995	
<b>End of Year, June 30</b>		<b>\$8,442,168</b>	

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

### **Special Revenue Funds**

- *Property Revaluation Fund* – The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- *Emergency Telephone System Fund* – This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- *Hazard Mitigation Fund* – This fund is used to acquire and demolish one (1) property located in the Special Flood Hazard Area.
- *Community Development Block Grant Fund (CDBG)* – This fund is used to account for receipt of CDBG funds and matching expenditures for various CDBG projects in the County.

**JONES COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2014

	Special Revenue Funds			Total	Total Non-major Governmental Funds
	Property Revaluation Fund	Hazard Mitigation Fund	Community Development Block Grant	Non-major Special Revenue Governmental Funds	
<b><u>ASSETS</u></b>					
Restricted Cash & Cash Equivalents	\$8,455			\$8,455	\$8,455
Due From Other Governments		\$3,691	\$65,072	68,763	68,763
<b>TOTAL ASSETS</b>	<b>\$8,455</b>	<b>\$3,691</b>	<b>\$65,072</b>	<b>\$77,218</b>	<b>\$77,218</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts Payable		\$700	\$650	\$1,350	\$1,350
Due to Other Funds		2,991	64,422	67,413	67,413
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$3,691</b>	<b>\$65,072</b>	<b>\$68,763</b>	<b>\$68,763</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Stabilization by State Statute		\$3,691	\$65,072	\$68,763	\$68,763
Committed	\$8,455			8,455	8,455
Unassigned		(3,691)	(65,072)	(68,763)	(68,763)
<b>Total Fund Balances</b>	<b>\$8,455</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,455</b>	<b>\$8,455</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$8,455</b>	<b>\$3,691</b>	<b>\$65,072</b>	<b>\$77,218</b>	<b>\$77,218</b>

**JONES COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2014**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Emergency		Community		
	Property Revaluation Fund	Telephone System Fund	Hazard Mitigation Fund		
<b>REVENUES:</b>					
Restricted Intergovernmental		\$8,562	\$3,691	\$257,703	\$269,956
<b>Total Revenues</b>	<b>\$0</b>	<b>\$8,562</b>	<b>\$3,691</b>	<b>\$257,703</b>	<b>\$269,956</b>
<b>EXPENDITURES:</b>					
General Government	\$91,496			\$91,496	\$91,496
Public Safety		\$16,423		16,423	16,423
Environmental Protection			\$3,691	3,691	3,691
Economic & Physical Development				\$261,713	261,713
<b>Total Expenditures</b>	<b>\$91,496</b>	<b>\$16,423</b>	<b>\$3,691</b>	<b>\$261,713</b>	<b>\$373,323</b>
Revenues Over (Under) Expenditures	(\$91,496)	(\$7,861)	\$0	(\$4,010)	(\$103,367)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers From (To) Other Funds	\$25,000	\$4,189		\$4,010	\$33,199
Transfer to Lenoir County		(357,974)		(357,974)	(357,974)
<b>Total Other Financing Sources (Uses)</b>	<b>\$25,000</b>	<b>(\$353,785)</b>	<b>\$0</b>	<b>\$4,010</b>	<b>(\$324,775)</b>
<b>Net Change in Fund Balances</b>	<b>(\$66,496)</b>	<b>(\$361,646)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$428,142)</b>
<b>FUND BALANCES:</b>					
Beginning of Year, July 1	74,951	361,646		436,597	436,597
<b>End of Year, June 30</b>	<b>\$8,455</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,455</b>

**JONES COUNTY, NORTH CAROLINA**  
**PROPERTY REVALUATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

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	<b>Annual Budget</b>	<b>2014 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES:</b>			
<i>General Government:</i>			
Contract Revaluation	<b>\$200,000</b>	<b>\$91,496</b>	<b>\$108,504</b>
<b>OTHER FINANCING SOURCES:</b>			
Operating Transfer From General Fund	\$75,000	\$25,000	(\$50,000)
Appropriated Fund Balance	125,000		(125,000)
<b>Total Other Financing Sources</b>	<b>\$200,000</b>	<b>\$25,000</b>	<b>(\$175,000)</b>
 <i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	 <b>\$0</b>	 <b>(\$66,496)</b>	 <b>(\$66,496)</b>
<b>FUND BALANCE:</b>			
Beginning of Year, July 1		74,951	
End of Year, June 30		<b>\$8,455</b>	

**JONES COUNTY, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

	<b>Annual Budget</b>	<b>2014 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
<i>Restricted Intergovernmental:</i>			
PSAP Collections	\$18,855	\$8,562	(\$10,293)
<b>Total Revenues</b>	<b>\$18,855</b>	<b>\$8,562</b>	<b>(\$10,293)</b>
<b>EXPENDITURES:</b>			
<i>Public Safety:</i>			
Implemental Functions	\$14,655	\$13,789	\$866
Software Maintenance	1,300	1,254	46
Hardware Maintenance	1,400	1,380	20
<b>Total Expenditures</b>	<b>\$17,355</b>	<b>\$16,423</b>	<b>\$932</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$1,500</b>	<b>(\$7,861)</b>	<b>(\$9,361)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Appropriated Fund Balance	\$356,474		(\$356,474)
Transfer from General Fund		\$4,189	4,189
Transfer to Lenoir County**	(357,974)	(357,974)	
<b>Total Other Financing Sources (Uses)</b>	<b>(\$1,500)</b>	<b>(\$353,785)</b>	<b>(\$356,474)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$0</b>	<b>(\$361,646)</b>	<b>(\$361,646)</b>
<b>FUND BALANCE:</b>			
Beginning of Year, July 1		361,646	
<b>End of Year, June 30</b>		<b>\$0</b>	

\*\*PSAP Fund Balance was transferred to Lenoir County. County of Jones contracted with Lenoir County for 911 services beginning August 1, 2014.

**JONES COUNTY, NORTH CAROLINA**  
**HAZARD MITIGATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**For The Fiscal Year Ended June 30, 2014**

	<b>Annual Budget</b>	<b>2014 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
<i>Restricted Intergovernmental:</i>			
Hazard Mitigation Grant	\$224,541	\$3,691	(\$220,850)
<b>Total Revenues</b>	<b>\$224,541</b>	<b>\$3,691</b>	<b>(\$220,850)</b>
<b>EXPENDITURES:</b>			
<i>Environmental Protection:</i>			
Acquisition	\$191,269		\$191,269
Demolition	21,522		21,522
Appraisal	1,000	\$575	425
Inspection	2,500	325	2,175
Survey	1,200	575	625
Administration	5,000		5,000
Legal	2,050	2,216	(166)
<b>Total Expenditures</b>	<b>\$224,541</b>	<b>\$3,691</b>	<b>\$220,850</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE:</b>			
Beginning of Year, July 1			
<b>End of Year, June 30</b>		<b>\$0</b>	

**JONES COUNTY, NORTH CAROLINA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**From Inception and for the Fiscal Year Ended June 30, 2014**

	Project Authorization	Actual		Total To Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
<b>REVENUES:</b>					
<i>Restricted Intergovernmental:</i>					
Technical Control Consultants Project:					
2011 CDBG-ED Grant	\$456,000	\$447,699	\$7,301	\$455,000	(\$1,000)
2011 NC IDF Grant	380,000	158,769	196,910	355,679	(24,321)
2011 Rural Center EIP Grant	380,000	344,047	(64,141)	279,906	(100,094)
2010 CDBG Scattered Site Housing	435,000	336,296	93,704	430,000	(5,000)
2011 CDBG NC Catalyst	500,000	9,142	23,929	33,071	(466,929)
<b>Total Revenues</b>	<b>\$2,151,000</b>	<b>\$1,295,953</b>	<b>\$257,703</b>	<b>\$1,553,656</b>	<b>(\$597,344)</b>
<b>EXPENDITURES:</b>					
<i>2010 CDBG Scattered Site Housing:</i>					
Clearance	\$6,000	\$5,973		\$5,973	\$27
Rehabilitation/Clearance	30,000	19,019	\$10,014	29,033	967
Rehabilitation/Reconstruction	240,000	158,593	81,374	239,967	33
Relocation	119,000	117,258		117,258	1,742
Administration	40,000	35,453	2,994	38,447	1,553
<b>Total 2010 CDBG Scattered Site Housing Expenditures</b>	<b>\$435,000</b>	<b>\$336,296</b>	<b>\$94,382</b>	<b>430,678</b>	<b>\$4,322</b>
<i>*Technical Control Consultants Project:</i>					
Water Improvements	\$50,250	\$50,250	\$17,058	\$67,308	(\$17,058)
Sewer Improvements	947,250	678,433	15,587	694,020	253,230
Road Improvements	207,500	207,500	111,757	319,257	(111,757)
Planning	5,000	5,000		5,000	
Administration	25,000	25,000	(1,000)	24,000	1,000
<b>Total Technical Control Consultants Project Expenditures</b>	<b>\$1,235,000</b>	<b>\$966,183</b>	<b>\$143,402</b>	<b>\$1,109,585</b>	<b>\$125,415</b>
<i>2011 CDBG NC Catalyst:</i>					
Clearance	\$30,000		\$650	\$650	\$29,350
Rehabilitation	80,000				80,000
Reconstruction	140,000		9,249	9,249	130,751
Street Improvements	135,000		7,997	7,997	127,003
Drainage Improvements	27,000		1,424	1,424	25,576
Sidewalk Improvements	10,000		1,534	1,534	8,466
Water Improvements	28,000				28,000
Administration	50,000	\$9,142	3,075	12,217	37,783
<b>Total 2011 CDBG NC Catalyst Project Expenditures</b>	<b>\$500,000</b>	<b>\$9,142</b>	<b>\$23,929</b>	<b>\$33,071</b>	<b>\$466,929</b>
<b>Total Expenditures</b>	<b>\$2,170,000</b>	<b>\$1,311,621</b>	<b>\$261,713</b>	<b>\$1,573,334</b>	<b>\$596,666</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$19,000)</b>	<b>(\$15,668)</b>	<b>(\$4,010)</b>	<b>(\$19,678)</b>	<b>(\$678)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Local County Contribution (SS)			\$678	\$678	\$678
Local County Contribution (TC2)	\$19,000	\$15,668	3,332	19,000	
<b>Total Other Financing Sources (Uses)</b>	<b>\$19,000</b>	<b>\$15,668</b>	<b>\$4,010</b>	<b>\$19,678</b>	<b>\$678</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
End of Year, June 30				<b>\$0</b>	

\*Water Improvements are for the Town of Pollocksville. Current year amounts reflect adjustments for prior year reclassifications.

## **ENTERPRISE FUND**

***Water Fund*** – This fund accounts for the activities of the County's Water District, the associated Capital Reserve Fund, the Automatic Meter Reading System Capital Project Fund and the Well Improvements 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, 2014**

	2014		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>OPERATING REVENUES:</b>			
Water Sales	\$1,188,960	\$1,194,991	\$6,031
Water Tap Fees	20,000	25,000	5,000
Reconnect Fees	48,000	22,520	(25,480)
Other Operating Revenues	7,950	20,512	12,562
<b>Total Operating Revenues</b>	<b>\$1,264,910</b>	<b>\$1,263,023</b>	<b>(\$1,887)</b>
<b>NONOPERATING REVENUES:</b>			
Interest Earned on Investment		\$42	\$42
Alternative Water Engineering Analysis Grant		40,000	40,000
NC Rural Economic Development Grant		28,717	28,717
<b>Total Nonoperating Revenues</b>	<b>\$0</b>	<b>\$68,759</b>	<b>\$68,759</b>
<b>Total Revenues</b>	<b>\$1,264,910</b>	<b>\$1,331,782</b>	<b>\$66,872</b>
<b>OPERATING EXPENSES:</b>			
<i>Water Administration, Billing &amp; Collection:</i>			
Salaries & Employee Benefits	\$80,303	\$78,937	\$1,366
Professional Services	9,000	8,000	1,000
Insurance	58,500	51,277	7,223
Postage	10,000	8,839	1,161
Supplies	1,500	1,391	109
Printing	4,000	1,947	2,053
Telephone	2,200	2,015	185
Other Operating Expenses	128,300	104,519	23,781
<b>Total</b>	<b>\$293,803</b>	<b>\$256,925</b>	<b>\$36,878</b>
<i>Raw Water Supply &amp; Maintenance:</i>			
Salaries & Employee Benefits	\$259,418	\$248,146	\$11,272
Electric Power	66,000	59,769	6,231
Vehicles Operation & Maintenance	32,000	27,794	4,206
Supplies & Materials	17,000	12,634	4,366
Sample Analysis	15,000	11,171	3,829
Other Operating Expenses	91,139	70,844	20,295
Maintenance & Replacement	46,600	129,529	(82,929)
<b>Total</b>	<b>\$527,157</b>	<b>\$559,887</b>	<b>(\$32,730)</b>
<b>Total Operating Expenses</b>	<b>\$820,960</b>	<b>\$816,812</b>	<b>\$4,148</b>
<i>Debt Service:</i>			
Interest and Other Charges	\$20,927	\$20,927	
Debt Principal	6,023	6,023	
<b>Total</b>	<b>\$26,950</b>	<b>\$26,950</b>	<b>\$0</b>

**JONES COUNTY, NORTH CAROLINA**  
**WATER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2014**

	2014		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$222,000	\$21,166	\$200,834
<b>Total Expenditures</b>	<b>\$1,069,910</b>	<b>\$864,928</b>	<b>\$204,982</b>
<b>Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>	<b>\$195,000</b>	<b>\$466,854</b>	<b>\$271,854</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer to General Fund	(\$100,000)	(\$100,000)	
Transfer to Water Capital Reserve Capital Project Fund	(95,000)	(95,000)	
Transfer to Automatic Meter Reading Capital Project Fund		(2,473)	(\$2,473)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$195,000)</b>	<b>(\$197,473)</b>	<b>(\$2,473)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$269,381</b>	<b>\$269,381</b>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>		<b>\$269,381</b>	
<b>Reconciling Items:</b>			
Debt Principal		\$6,023	
Capital Outlay		21,166	
Increase in Accrued Vacation		(12,724)	
Depreciation		(240,016)	
Transfer to Water Capital Reserve Capital Project Fund		95,000	
Transfer to Automatic Meter Reading Capital Project Fund		2,473	
<b>Total Reconciling Items</b>		<b>(\$128,078)</b>	
<b>Change in Net Position</b>		<b>\$141,303</b>	

**JONES COUNTY, NORTH CAROLINA**  
**WATER CAPITAL RESERVE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2014**

	<b>Budget</b>	<b>2014 Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><i>OTHER FINANCING SOURCES (USES):</i></b>			
Transfer from Water Fund	\$95,000	\$95,000	
Appropriated Fund Balance	(95,000)		\$95,000
<b><i>Total Other Financing Sources (Uses)</i></b>	<b>\$0</b>	<b>\$95,000</b>	<b>\$95,000</b>
<b><i>Revenues and Other Financing Sources Over (Under) Expenditures</i></b>	<b>\$0</b>	<b>\$95,000</b>	<b>\$95,000</b>
<b><i>FUND BALANCES:</i></b>			
Beginning of Year, July 1		495,642	
<b><i>End of Year, June 30</i></b>		<b>\$590,642</b>	

**JONES COUNTY, NORTH CAROLINA**  
**AUTOMATIC METER READING - ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2014**

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
<b>REVENUES:</b>					
PWS DWSRF Loan	\$2,015,000		\$1,883,014	\$1,883,014	\$131,986
<b>Total Revenues</b>	<b>\$2,015,000</b>	<b>\$0</b>	<b>\$1,883,014</b>	<b>\$1,883,014</b>	<b>\$131,986</b>
<b>EXPENDITURES:</b>					
Construction	\$1,652,280		\$1,566,633	\$1,566,633	\$85,647
Engineering	140,444	\$124,742		\$124,742	15,702
Administartion	155,373		\$141,278	\$141,278	14,095
Legal	3,000		2,565	2,565	435
Closing Fee	40,300	204	40,096	40,300	
Advertisements	500		2,469	2,469	(1,969)
Contingency	23,103				23,103
Funding Assistance	15,000		7,500	7,500	7,500
<b>Total Expenditures</b>	<b>\$2,030,000</b>	<b>\$124,946</b>	<b>\$1,760,541</b>	<b>\$1,885,487</b>	<b>\$144,513</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$15,000)</b>	<b>(\$124,946)</b>	<b>\$122,473</b>	<b>(\$2,473)</b>	<b>(\$12,527)</b>
<b>OTHER FINANCING SOURCES:</b>					
Local Match	\$15,000		\$2,473	\$2,473	\$12,527
<b>Total Other Financing Sources</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$2,473</b>	<b>\$2,473</b>	<b>\$12,527</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>		<b>(\$124,946)</b>	<b>\$124,946</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1			(124,946)		
End of Year, June 30			<b>\$0</b>		

**JONES COUNTY, NORTH CAROLINA**  
**WELL IMPROVEMENTS - ENTERPRISE CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**For The Fiscal Year Ended June 30, 2014**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total To Date</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>					
NC Rural Economic Development Center	\$53,600		\$28,717	\$28,717	\$24,883
<b>Total Revenues</b>	<b>\$53,600</b>	<b>\$0</b>	<b>\$28,717</b>	<b>\$28,717</b>	<b>\$24,883</b>
<b>EXPENDITURES:</b>					
James L. Cayton Utilities	\$24,800				\$24,800
Contract No. 3 - Well 5B & 4					
A.C. Schultes of Carolina	28,800		\$28,717	\$28,717	83
<b>Total Expenditures</b>	<b>\$53,600</b>	<b>\$0</b>	<b>\$28,717</b>	<b>\$28,717</b>	<b>\$24,883</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE:</b>					
Beginning of Year, July 1					
End of Year, June 30			<b>\$0</b>		

## AGENCY FUNDS

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

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

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

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

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

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

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

***Miscellaneous Trust Fund*** – This fund accounts for all other moneys collected and dispersed by the County for various organizations in the County.

**JONES COUNTY, NORTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For The Fiscal Year Ended June 30, 2014**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Social Services Fund:</b>				
Assets, Cash and Investments	\$16,089	\$26,181	\$36,680	\$5,590
Accounts Receivable	1,090	1,328	1,090	1,328
<b>Total</b>	<b>\$17,179</b>	<b>\$27,509</b>	<b>\$37,770</b>	<b>\$6,918</b>
Liabilities, Accounts Payable	<b>\$17,179</b>	<b>\$27,509</b>	<b>\$37,770</b>	<b>\$6,918</b>
<b>Fines and Forfeitures Fund:</b>				
Assets, Cash and Investments		\$76,810	\$76,810	
Accounts Receivable	\$5,957	5,639	5,957	\$5,639
<b>Total</b>	<b>\$5,957</b>	<b>\$82,449</b>	<b>\$82,767</b>	<b>\$5,639</b>
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$5,957	\$82,449	\$82,767	\$5,639
<b>Total Liabilities</b>	<b>\$5,957</b>	<b>\$82,449</b>	<b>\$82,767</b>	<b>\$5,639</b>
<b>Ad Valorem Tax Fund:</b>				
Assets, Cash and Investments	\$18,657	\$362,562	\$381,219	
Accounts Receivable	114	228	\$114	228
<b>Total</b>	<b>\$18,771</b>	<b>\$362,790</b>	<b>\$381,333</b>	<b>\$228</b>
Liabilities, Intergovernmental Payables	<b>\$18,771</b>	<b>\$362,790</b>	<b>\$381,333</b>	<b>\$228</b>
<b>Agricultural Extension Fund:</b>				
Assets, Cash and Investments	\$28,307	\$55,345	\$31,632	\$52,020
Accounts Receivable	1,055	1,375	1,055	1,375
<b>Total</b>	<b>\$29,362</b>	<b>\$56,720</b>	<b>\$32,687</b>	<b>\$53,395</b>
Liabilities, Intergovernmental Payables	<b>\$29,362</b>	<b>\$56,720</b>	<b>\$32,687</b>	<b>\$53,395</b>
<b>Animal Cruelty Fund:</b>				
Assets, Cash and Investments	<b>\$58,197</b>	<b>\$5,000</b>	<b>\$31,724</b>	<b>\$31,473</b>
Liabilities, Intergovernmental Payables	<b>\$58,197</b>	<b>\$5,000</b>	<b>\$31,724</b>	<b>\$31,473</b>
<b>Miscellaneous Trust Fund:</b>				
Assets, Cash and Investments	<b>\$0</b>	<b>\$55,877</b>	<b>\$45,487</b>	<b>\$10,390</b>
Liabilities, Intergovernmental Payables	<b>\$0</b>	<b>\$55,877</b>	<b>\$45,487</b>	<b>\$10,390</b>
<b>Totals - All Agency Funds:</b>				
Assets, Cash	\$121,250	\$581,775	\$603,552	\$99,473
Accounts Receivable	8,216	8,570	8,216	8,570
<b>Total</b>	<b>\$129,466</b>	<b>\$590,345</b>	<b>\$611,768</b>	<b>\$108,043</b>
<b>Liabilities and Payables</b>	<b>\$129,466</b>	<b>\$590,345</b>	<b>\$611,768</b>	<b>\$108,043</b>

## **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, 2014**

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-14		\$6,310,009	\$6,021,373	\$288,636
2012-13	\$406,553		330,135	76,419
2011-12	64,787		24,991	39,796
2010-11	32,835		8,769	24,066
2009-10	19,032		3,351	15,681
2008-09	15,860		1,931	13,929
2007-08	14,410		1,876	12,534
2006-07	11,924		708	11,216
2005-06	12,211		259	11,952
2004-05	9,476		503	8,973
2003-04	7,801		7,801	
	<b>\$594,889</b>	<b>\$6,310,009</b>	<b>\$6,401,697</b>	<b>\$503,202</b>
Less: Allowance for Uncollectible Ad Valorem Taxes				(15,000)
Plus: Uncollected 2013-2014 Ad Valorem Taxes Receivable Vehicles				200
<b>Ad Valorem Taxes Receivable - Net</b>				<b>\$488,402</b>
Reconciliation with Revenue:				
Taxes - Ad Valorem - General Fund				<b>\$6,452,799</b>
<i>Reconciling Items:</i>				
Penalties and Costs				
Taxes Written Off				\$7,801
Interest Collected				(75,180)
Costs				(11,851)
Finance Office - Billing				(3,232)
Refunds/Chg Backs				5,851
Current Year Releases				19,398
Prior Year Releases				6,111
<b>Total Reconciling Items</b>				<b>(\$51,102)</b>
<b>Total Collections and Credits</b>				<b>\$6,401,697</b>

**JONES COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
For The Fiscal Year Ended June 30, 2014

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$698,482,782	0.80	\$5,588,937	\$5,456,705	\$132,232
Motor Vehicles County Billed	27,771,152	0.80	222,169		222,169
Motor Vehicle NCVTS	57,830,743	0.80	462,646		462,646
<b>Total Original Levy</b>	<b>\$784,084,677</b>		<b>\$6,273,752</b>	<b>\$5,456,705</b>	<b>\$817,047</b>
<b>Discoveries:</b>					
Current Year Taxes	\$2,936,726	0.80	\$23,494	\$23,494	
Prior Year Taxes			10,361	10,361	
<b>Total</b>	<b>\$2,936,726</b>		<b>\$33,855</b>	<b>\$33,855</b>	<b>\$0</b>
<b>Deferred:</b>					
Current Year Taxes	\$313,804	0.74	\$2,402	\$2,402	\$0
<b>Total Property Valuation</b>	<b>\$787,335,207</b>				
<b>Net Levy</b>			<b>\$6,310,009</b>	<b>\$5,492,962</b>	<b>\$817,047</b>
Uncollected Taxes at June 30, 2014			288,636	228,916	59,720
<b>Current Year's Taxes Collected</b>			<b>\$6,021,373</b>	<b>\$5,264,046</b>	<b>\$757,327</b>
<b>Current Levy Collection Percentage</b>			<b>95.43%</b>	<b>95.83%</b>	<b>92.69%</b>

**JONES COUNTY, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
For The Fiscal Year Ended June 30, 2014

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2013 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Weyerhaeuser Company	Timber	\$22,750,825	2.89%
Jones - Onslow EMC	Utility	\$20,893,349	2.65%
Brown's Realty Partnership	Real Estate	\$10,067,071	1.28%
Progress Energy	Utility	\$7,147,298	0.91%
Jones County Cotton Gin	Agricultural	\$5,652,983	0.72%
Carolina Telephone & Telegraph Company	Utility	\$3,530,555	0.45%
Nunnelee Properties, LLC	Real Estate	\$3,202,580	0.41%
Brunswick Timber LLC	Timber	\$2,990,276	0.38%
Brown's Farm LLC	Agricultural	\$2,954,701	0.38%
Coastal Beverage	Distributor	\$2,554,721	0.32%

**COMPLIANCE SECTION**



**BARROW, PARRIS & DAVENPORT, P.A.**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated January 30, 2015.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 14-1 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 matters 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 14-2.

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Jones County's Response to Findings

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

Purpose of this Report

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

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

January 30, 2015



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

---

**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

**Report on Compliance with Requirements for Each Major Federal Program**

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2014. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jones County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jones County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 14-3, 14-5, 14-6, 14-7, 14-8 and 14-9. Our opinion on each major federal program is not modified with respect to these matters.

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

### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 14-3, 14-4, 14-5, 14-6, 14-7 and 14-9 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs at Finding 14-8 to be a significant deficiency.

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

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

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

January 30, 2015



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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**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners  
Jones County, North Carolina

**Report on Compliance with Each Major State Program**

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Jones County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on Jones County's compliance.

**Opinion on Each Major State Programs**

In our opinion, Jones County complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 14-10, 14-12, 14-13, 14-14, 14-15 and 14-16. Our opinion on each major State program is not modified with respect to these matters.

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

### Report on Internal Control Over Compliance

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

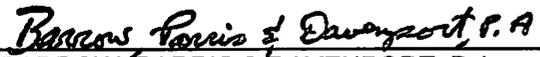
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 14-10, 14-11, 14-12, 14-13, 14-14 and 14-16 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs at Finding 14-15 to be a significant deficiency.

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

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

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

January 30, 2015

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2014

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

	<u>YES</u>	<u>NO</u>
<b><u>Financial Statements</u></b>		
Type of auditor's report issued: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified	<u>  X  </u>	<u>      </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>      </u>	<u>  X  </u>
Noncompliance material to financial statements noted	<u>      </u>	<u>  X  </u>
<b><u>Federal Awards</u></b>		
Internal control over major programs:		
• Material weakness(es) identified	<u>  X  </u>	<u>      </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>  X  </u>	<u>      </u>
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<u>  X  </u>	<u>      </u>
Identification of major federal programs:		
<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Programs or Cluster</u></b>	
	<b>Subsidized Child Care Cluster:</b>	
93.596	Child Care Development Fund - Mandatory	
93.575	Child Care and Development Fund - Discretionary	
93.596	Child Care and Development Fund - Match	
93.558	Temporary Assistance for Needy Families	
93.658	Foster Care Title IV-E	
93.778	Medical Assistance Program	
64.468	Capitalization Grants for Drinking Water State Revolving Fund	
Dollar threshold used to distinguish between Type A and Type B Programs	<u>  \$427,606  </u>	

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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

**II. FINANCIAL STATEMENT FINDINGS**

**FINDING 14-1**

**MATERIAL WEAKNESS**

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

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

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

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

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Fiscal Year Ended June 30, 2014**

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*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 14-2**

**IMMATERIAL NONCOMPLIANCE**

*Criteria:* In accordance with North Carolina General Statute 159-8, 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 the General Fund, one special revenue fund, the enterprise 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, 2014

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III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 14-3

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Medicaid

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

Eligibility

*Criteria:* As part of the financial requirements of the program, Medicaid workers must provide documentation that automated income and resource matches were completed. The client files should contain income verifications and computations of monthly earned and unearned income. For certain programs, client records should contain documentation or real property verification and verification of liquid assets.

*Condition:* Nine client files examined contained either documentation or income calculation errors.

*Questioned Costs:* Unable to determine as this is a direct benefit payment and the County does not have access to sufficient information to calculate the potential questioned cost.

*Context:* In our test of 60 client files, two client files contained unearned income calculation errors, one client file did not contain verification that automated matches were completed, one client file did not contain documentation that real property had been verified nor that liquid assets had been verified, one client file did not contain a redetermination, one client file contained an incorrect keying of the retroactive certification period, and one client file did not contain verification of automated matches nor a budget computation.

*Effect:* Clients are receiving benefits for which they may not be eligible.

*Cause:* Responsible personnel are not properly documenting client files. In addition, a lack of supervisory review attributed to additional errors.

*Recommendation:* The County should ensure that policies and procedures are implemented and that supervisory reviews are performed in a timely manner.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Procedures will be implemented to ensure that proper documentation is included in each client file and that accurate income calculations are performed. It should be noted that upon subsequent evaluation of several client files noted above, the County determined that all recipients were eligible for the benefits received.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-4****U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

Program Name: Medicaid

CFDA #'s: 93.778

**MATERIAL WEAKNESS****Eligibility**

*Criteria:* Supervisory review is a key component of strong internal controls over the functions of the Medicaid program. The County's internal control policies require the supervisory review be conducted on one to two client files per month per program type.

*Condition:* No evidence of supervisory review was found in the client files tested.

*Effect:* By not following supervisory review procedures that are in place, client files could contain incorrect documentation thereby allowing ineligible recipients to receive Medicaid services.

*Cause:* Technical issues related to NCFAST resulted in a backlog of client files that were due for redetermination. Supervisors that were responsible for client file reviews indicated that they were forced to assist personnel with processing their caseloads leaving insufficient time for client file reviews.

*Recommendation:* The County should ensure that the internal control policies related to supervisory reviews be followed allowing for timely client file reviews.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County agrees with this finding. Internal control policies and procedures relating to supervisory review will be analyzed and the importance of timely reviews will be stressed to supervisory personnel.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-5 (REPEAT FINDING)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E

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

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

Allowable Cost

*Criteria:* Parent fees and the portion paid by the County should be determined and recorded accurately at initial application and at annual and quarterly redeterminations. Income used to arrive at parent fees shall be confirmed and client files should include documentation of this requirement.

*Condition:* One participant paid an incorrect amount for parent fees. A separate client file did not include proof of income stated by client and was never verified.

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

*Context:* In our test of 37 participant files, we noted one instance where parent fees were incorrectly calculated. We also noted one instance where income stated by recipient was not verified.

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

*Cause:* Parent fees were determined with incorrect income as well as using an incorrect conversion factor in one case. Personnel also failed to verify income in another case.

*Recommendation:* Personnel responsible for fee determination and file documentation should accurately record fees at initial determination and quarterly and annual determination as well as concluding that income was properly verified. Supervisory personnel should implement specific periodic review procedures to ensure accurate recording of correct fees and verification of income.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

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

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-6 (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**

Allowable Cost

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

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

*Questioned Costs.* \$47,038. This amount represents 23% of the total dollars (\$204,258) spent on Medicaid transportation. Of the 25 client files examined, the actual Medicaid costs incurred amounted to \$829. The actual costs incurred for the six clients that did not have proper verification totaled \$191. Therefore, the projected questioned cost represents 23% of the total Medicaid transportation dollars expended.

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

*Effect:* The County paid a vendor for unallowable miles.

*Cause:* State policy was not adhered to regarding empty trips.

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

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County DSS agrees with this finding. Procedures will be implemented to ensure that mileage rates are adjusted to factor in the cost of empty trips.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-7**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

Program Name: Medicaid - Transportation

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

Allowable Cost

*Criteria:* Medicaid transportation is only provided for Medicaid covered services. The County must obtain verification that a Medicaid covered service was provided if transportation was provided or reimbursed.

*Condition:* Six clients did not have any verification that a Medicaid covered service took place for transportation service used.

*Questioned Costs.* \$47,038. This amount represents 23% of the total dollars (\$204,258) spent on Medicaid transportation. Of the 25 client files examined, the actual Medicaid costs incurred amounted to \$829. The actual costs incurred for the six clients that did not have proper verification totaled \$191. Therefore, the projected questioned cost represents 23% of the total Medicaid transportation dollars expended.

*Context:* On our test of 25 client files, six client files did not contain a form DMA-5118 or other acceptable method of verification. The County has not been issuing this form to clients that use vendor services.

*Effect:* The County could be requesting reimbursement for improper transportation services.

*Cause:* State policy has not been adhered to in regards to income verification of Medicaid covered services.

*Recommendation:* The County should issue verification form DMA-5118 for each approved Medicaid transportation request.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County DSS agrees with this finding. Procedures will be implemented to ensure verifications exist for all trips.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-8**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

Program Name: Social Services Block Grant

CFDA #'s: 93.667

**IMMATERIAL NONCOMPLIANCE  
SIGNIFICANT DEFICIENCY**

Reporting

*Criteria:* Form 3538 is used to compute overhead costs for the In-Home Aide program. The computation of charges is based on the program's share of the local department's full-time equivalencies (FTE's) expressed as a percentage of the total applied to the overhead cost determined by the local department as benefitting the In-Home Aide personnel.

*Condition:* Of the two months tested, no substantiation of indirect costs directly attributed to the In-Home Aide program calculated by the FTE's reported on the 1571 report was available.

*Context:* We examined two monthly reports (October 2013 and February 2014) of the 12 total monthly 1571 reports and found that neither report was calculated correctly.

*Effect:* Indirect costs charged to the In-Home Aide program on the monthly 1571 report could contain incorrect amounts.

*Cause:* The finance officer failed to provide substantiation for indirect costs for the months tested.

*Recommendation:* Indirect costs for the In-Home Aide program should be developed independently each month to allocate proper amounts from the cost allocation plan and actual costs related to the program.

*Views of Responsible  
Officials and Planned  
Corrective Actions:*

The County DSS agrees with this finding. The County DSS intends to seek training from the local business liaison.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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**FINDING 14-9 (REPEAT FINDING)**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

Program Name: Subsidized Child Care Cluster – Temporary Assistance for Needy Families, Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory/Match, Foster Care Title IV-E

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

**IMMATERIAL NONCOMPLIANCE  
MATERIAL WEAKNESS**

**Reporting**

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

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

*Context:* In our test of specific dates (14<sup>th</sup> of October 2013 and February 2014), one caseworker did not provide supporting documentation for SIS coded time in the client files as listed on the day sheet for 23% of the client files tested.

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

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

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

***Views of Responsible  
Officials and Planned  
Corrective Actions:***

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

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2014

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

**FINDING 14-10**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid

*REFER TO FEDERAL FINDING 14-3*

**FINDING 14-11**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid

*REFER TO FEDERAL FINDING 14-4*

**FINDING 14-12**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

*REFER TO FEDERAL FINDING 14-5*

**FINDING 14-13**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid - Transportation

*REFER TO FEDERAL FINDING 14-6*

**FINDING 14-14**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid - Transportation

*REFER TO FEDERAL FINDING 14-7*

**FINDING 14-15**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medicaid - Transportation

*REFER TO FEDERAL FINDING 14-8*

**FINDING 14-16**

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

*REFER TO FEDERAL FINDING 14-9*

JONES COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For The Fiscal Year Ended June 30, 2014

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**FINANCIAL STATEMENT FINDINGS**

**FINDING: 14-1**

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

**FEDERAL AWARD FINDINGS**

**FINDING: 14-2**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action:
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 14-3**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure that proper documentation is included in each client file and that accurate income calculations are performed.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 14-4**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Internal control policies and procedures relating to supervisory review will be analyzed and the importance of timely reviews will be stressed to supervisory personnel.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 14-5**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure that fees are determined accurately and all income is verified. Periodic reviews procedures will be performed by supervisory personnel.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**JONES COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For The Fiscal Year Ended June 30, 2014**

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**FINDING: 14-6**

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

**FINDING: 14-7**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: Procedures will be implemented to ensure verifications exist for trips.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 14-8**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS intends to seek training from the local business liaison.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**FINDING: 14-9**

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS intends to conduct staff meetings to reiterate the requirements and the need for adequate documentation in the client files.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**STATE AWARD FINDINGS**

**FINDING 14-10**

REFER TO FEDERAL FINDING 14-3

**FINDING 14-11**

REFER TO FEDERAL FINDING 14-4

**FINDING 14-12**

REFER TO FEDERAL FINDING 14-5

**FINDING 14-13**

REFER TO FEDERAL FINDING 14-6

**JONES COUNTY, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**  
For The Fiscal Year Ended June 30, 2014

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***FINDING 14-14***

*REFER TO FEDERAL FINDING 14-7*

***FINDING 14-15***

*REFER TP FEDERAL FINDING 14-8*

***FINDING 14-16***

*REFER TP FEDERAL FINDING 14-9*

**JONES COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For The Fiscal Year Ended June 30, 2014

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<b><u>FINDING 13-1</u></b>	<b>(Financial Reporting)</b>
STATUS:	Not corrected. See current year finding 14-1.
<b><u>FINDING 13-2</u></b>	<b>Medicaid Transportation Needs Assessment</b>
STATUS:	Corrected.
<b><u>FINDING 13-3</u></b>	<b>Medicaid Transportation</b>
STATUS:	Not corrected. See current year finding 14-6.
<b><u>FINDING 13-4</u></b>	<b>Subsidized Child Care Parent Fees</b>
STATUS:	Not corrected. See current year finding 14-5.
<b><u>FINDING 13-5</u></b>	<b>Day Sheets</b>
STATUS:	Not corrected. See current year finding 14-9.
<b><u>FINDING 13-6</u></b>	<b>Medicaid Transportation Needs Assessment</b>
STATUS:	Refer to Finding 13-2.
<b><u>FINDING 13-7</u></b>	<b>Medicaid Transportation</b>
STATUS:	Refer to Finding 13-3.
<b><u>FINDING 13-8</u></b>	<b>Subsidized Child Care Parent Fees</b>
STATUS:	Refer to Finding 13-4.
<b><u>FINDING 13-9</u></b>	<b>NC Industrial Development Fund (IDF) Grant</b>
STATUS:	Corrected.

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS  
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<b>Food and Nutrition Service:</b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Social Services:</b>				
<b>Administration:</b>				
<b>Supplemental Nutrition Assist. Program Cluster:</b>				
<i>Administered by County Dept. of Social Services:</i>				
State Administrative Matching Grants for the				
Supplemental Nutrition Assist. Program	10.561	\$134,431		\$134,431
Supplemental Nutrition Assist. Program Fraud	10.561	898		898
<b>Total Supplemental Nutrition Assist. Program Cluster</b>		<b>\$135,329</b>	<b>\$0</b>	<b>\$135,329</b>
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Division of Public Health:</b>				
<b>Administration:</b>				
<i>Administered by County Health Department:</i>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$60,803		
<b>Direct Benefit Payments:</b>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	120,937		
		<b>\$181,740</b>	<b>\$0</b>	<b>\$0</b>
<b>Division of Aging:</b>				
<b>Administration:</b>				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$12,858		
		<b>\$12,858</b>	<b>\$0</b>	<b>\$0</b>
<b>Food Distribution Division:</b>				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$19,612		
<b>Passed thru NC State Controller</b>				
School and Roads - Grants to State	10.665	40,609		
<b>Passed thru NC State Controller</b>				
Rural Business Enterprise Grants	10.769	75,000		
		<b>\$135,221</b>	<b>\$0</b>	<b>\$0</b>
<b>Total U.S. Department of Agriculture</b>		<b>\$465,148</b>	<b>\$0</b>	<b>\$135,329</b>
<b>US DEPARTMENT OF INTERIOR</b>				
Direct Payment in Lieu of Taxes	15.226	\$148,433	\$0	\$0

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS  
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Passed Through NC Department of Commerce:</i>				
<b>Community Development Block Grant Cluster:</b>				
2010 CDBG Scattered Site Housing	14.228	\$94,382		
2011 CDBG - Economic Development Grant	14.228	17,721		
2011 CDBG - NC Catalyst Grant	14.228	23,929		
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$136,032</b>	<b>\$0</b>	<b>\$0</b>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
<i>Passed Through NC Department Environmental and Natural Resources:</i>				
Capitalization Grants for Drinking Water State Revolving Fund Loan	66.468	\$1,760,541		
Hazard Mitigation Grant Fund	97.039	3,691		
<b>Total U.S. Environmental Protection Agency</b>		<b>\$1,764,232</b>	<b>\$0</b>	<b>\$0</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
<b>Division of Emergency Management:</b>				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	97.042	\$35,192		
Assistance to Firefighters Grant	97.044	69,125		
Homeland Security Grant (Camet Trailer)	97.067	18,934		
<b>Total U.S. Department of Homeland Security</b>		<b>\$123,251</b>	<b>\$0</b>	<b>\$0</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>				
<b><u>Administration on Aging:</u></b>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<b>Aging Cluster:</b>				
<i>Administered by County Finance Department:</i>				
<b>Special Programs for the Elderly-</b>				
Title III C-Nutritional Services (Congregate)	93.045	\$44,165	\$2,598	
Title III C-Nutritional Services (Home Delivered Meals)	93.045	36,449	13,642	
Senior Center Operations	93.044	11,428	1,270	
Access Services Transportation	93.044	22,296	1,312	
Operation Fan			262	
Senior Center General Purpose Funds			3,890	
In Home Aid	93.667	472	13	
Senior Companion	93.044	2,087	123	
Seniopr Center Health Promotion			2,131	
Senior Companion	93.052	5,157		
<b>Total Aging Cluster</b>		<b>\$122,054</b>	<b>\$25,241</b>	<b>\$0</b>

JONES COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS  
For The Fiscal Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b><u>Office of the Population Affairs:</u></b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$17,929	\$0	\$0
<b><u>Administration for Children and Families:</u></b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Social Services:</b>				
<b>Foster Care and Adoption Cluster:</b>				
Title IV-E Foster Care-Administration	93.658	\$127,255	\$33,091	\$79,811
Foster Care-Direct Benefit Payments	93.658	10,446	950	11,263
Adoption Assistance-Direct Benefit Payments	93.659	3,909	16,496	5,820
<b>Total Foster Care and Adoption Cluster</b>		<b>\$141,610</b>	<b>\$50,537</b>	<b>\$96,894</b>
<b><u>Temporary Assistance for Needy Families Cluster</u></b>				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$51,143		\$22,792
Work First Service	93.558	131,297		68,404
Work First/TANF-Direct Benefit Payments	93.558	43,393		
<b>Total TANF Cluster</b>		<b>\$225,833</b>	<b>\$0</b>	<b>\$91,197</b>
NC Child Support Enforcement Section	93.563	\$639		\$329
IV-D Administration	93.563	203,677		104,924
		<b>\$204,315</b>	<b>\$0</b>	<b>\$105,253</b>
<b>Low Income Home Energy Assistance Block Grant:</b>				
Administration	93.568	\$7,647		
Crisis Intervention Program	93.568	30,782		
Energy Assistance Payments-Direct Benefit Payments	93.568	69,100		
		<b>\$107,529</b>	<b>\$0</b>	<b>\$0</b>
Family Preservation	93.556	\$2,685	\$0	\$0
Permanency Planning-Administration	93.645	\$1,835	\$0	\$612
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Social Services:</b>				
Social Services Block Grant	93.667	\$60,879	\$7,004	\$20,687

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
**For The Fiscal Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>Division of Child Development:</b>				
<b>Subsidized Child Care</b>				
<b><u>Child Care Development Fund Cluster:</u></b>				
<b>Division of Social Services</b>				
Child Care and Development Fund	93.596	\$80,830		
<b>Division of Child Development:</b>				
Child Care and Development Fund-Discretionary	93.575	174,468		
Child Care and Development Fund-Mandatory	93.596	120,803		
Child Care and Development Fund-Match	93.596	25,378		
<b>Total Child Care Development Fund Cluster</b>		<b>\$401,479</b>	<b>\$0</b>	<b>\$0</b>
Temporary Assistance for Needy Families	93.558	\$99,708		
Foster Care Title IV-E	93.658	4,970	\$2,604	
State Appropriations			68,914	
TANF-MOE Daycare			18,423	
<b>Total Subsidized Child Care</b>		<b>\$506,157</b>	<b>\$89,941</b>	<b>\$0</b>
<b><u>Center for Medicare and Medicaid Services:</u></b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Medical Assistance:</b>				
<i>Administered by County Department of Social Services:</i>				
Medicaid Administration	93.778	\$250,601	\$7,029	\$208,656
Medicaid Reimbursements Projects	93.778	1,827		1,827
State Children's Insurance Program - N.C. Health Choice	93.767	7,344	137	2,181
<i>Administered by County Health Department:</i>				
<b>Direct Benefit Payments:</b>				
Medical Assistance Program	93.778	9,721,720	5,467,827	
NC Health Choice	93.767	187,652	59,198	
		<b>\$10,169,143</b>	<b>\$5,474,993</b>	<b>\$212,665</b>
<b><u>Health Resources and Services Administration:</u></b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Maternal and Child Health Services Block Grant	93.994	\$9,205	\$0	\$0
<b><u>Immunization Cluster</u></b>				
Immunization Grants	93.268	\$4,013		
<b>Total Immunization Cluster</b>		<b>\$4,013</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Centers for Disease Control</u></b>				
<b><i>Passed Through NC Department of Health and Human Services:</i></b>				
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
<b>Cooperative Agreements for State Based Comprehensive</b>				
Breast and Cervical Cancer Early Detection Programs	93.919	\$3,270	\$2,550	
Preventive Health and Health Services Block Grant	93.991	8,973		
Public Health Emergency	93.069	30,993		
		<b>\$43,236</b>	<b>\$2,550</b>	<b>\$0</b>
<b>Total U.S. Department of Health and Human Services</b>		<b>\$11,616,424</b>	<b>\$5,650,266</b>	<b>\$422,383</b>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$14,253,520</b>	<b>\$5,650,266</b>	<b>\$557,711</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
**For The Fiscal Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>STATE PROGRAMS</b>				
<b>OFFICE OF THE GOVERNOR:</b>				
<b>Division of Veteran Affairs:</b>				
<i>Administered by County Veterans Services:</i>				
Veteran Affairs		\$0	\$1,452	\$0
<b>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<b>Division of Social Services:</b>				
<i>Administered by County Department of Social Services:</i>				
<b>Direct Benefit Payments:</b>				
Supplemental Assistance			\$64,672	\$64,672
<b>Division of Public Health:</b>				
<i>Administered by County Health Department:</i>				
Communicable Disease			\$9,778	
Food & Lodging			2,439	
Aid to Counties			78,930	
Interpreter Grant II			20,900	
Carolina Power & Light			209	
Environmental Health			4,000	
TPPI-Pregnancy Prevention			75,000	
School Nurse Funding Initiative			46,386	
Risk Reduction/Health Promotion			6,286	
Aids-State			500	
Tuberculosis			2,540	
North Carolina Lottery Capital Funds			150,000	
			<b>\$396,968</b>	
<b>Total NC Department of Health and Human Services</b>		<b>\$0</b>	<b>\$461,640</b>	<b>\$64,672</b>

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
**For The Fiscal Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b><u>NATURAL RESOURCE DIVISION</u></b>				
<i>Administered by County Department of Soil Conservation</i>				
Soil & Water Conservation			\$42,186	
<b>TOTALS</b>		<b>\$0</b>	<b>\$42,186</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF PUBLIC SAFETY:</u></b>				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency		\$0	\$86,595	\$0
<b><u>NC DEPARTMENT OF COMMERCE:</u></b>				
<i>Administered by County Finance Department:</i>				
NC Rural Development Grant	2008-297-40101-112		\$28,717	
2011 NC Industrial Development Fund Grant	U-425		81,647	
2011 NC Rural Center Economic Infrastructure Program Grant	2010-15140401-107		40,703	
Alternative Water Engineering Analysis Grant	2010-214-40101-112		40,000	
		<b>\$0</b>	<b>\$191,067</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF TRANSPORTATION:</u></b>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$107,748	\$0
<b><u>NC DEPARTMENT OF INSURANCE:</u></b>				
SHIIP Grant			\$4,349	
		<b>\$0</b>	<b>\$4,349</b>	<b>\$0</b>
<b><u>NC DEPARTMENT OF PUBLIC INSTRUCTION:</u></b>				
Public School Building Capital Fund - Lottery Proceeds		\$0	\$0	\$0
<b><u>NC STATE BOARD OF ELECTIONS:</u></b>				
Board of Elections Voting Machine Grant		\$0	\$0	\$0
<b>TOTAL STATE ASSISTANCE</b>		<b>\$0</b>	<b>\$766,256</b>	<b>\$64,672</b>
<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>		<b>\$14,253,520</b>	<b>\$6,416,522</b>	<b>\$622,383</b>

**BASIS OF PRESENTATION**

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.

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.

**JONES COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS**  
**For The Fiscal Year Ended June 30, 2014**

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**LOANS OUTSTANDING**

Jones County has the following loan balances outstanding at June 30, 2014. The expended portion of these loan proceeds are included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Amount Outstanding
Capitalization Grants for Drinking Water State Revolving Fund Loan Financing with State of North Carolina by the Department of Environment and Natural Resources - Division of Water Resources \$2,015,000 loan, \$1,883,014 Expenditures to date	66.468	\$131,986