

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2006

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2006

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

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Joseph F. Wiggins
Chairman

Charles Battle, Jr.

Frank Emory

Jessie Eubanks

Sondra I. Riggs

COUNTY OFFICIALS

Larry P. Meadows
County Manager

Wayne Vanderford
Tax Supervisor/Collector

Tammy May
Finance Officer

Gloria Thomas
Register of Deeds

Thelma Simmons
Social Services Director

Tim Morton
Sheriff

FINANCIAL SECTION:

Independent Auditors' Report..... 1 - 2

Management's Discussion and Analysis 3 - 9

BASIC FINANCIAL STATEMENTS:

EXHIBIT

Government-wide Financial Statements:

1 Statement of Net Assets..... 10

2 Statement of Activities 11 - 12

Fund Financial Statements:

3 Balance Sheet – Governmental Funds..... 13

4 Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds..... 14

5 Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities..... 15

6 Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund..... 16

7 Statement of Net Assets – Proprietary Fund..... 17

8 Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Proprietary Fund..... 18

9 Statement of Cash Flows – Enterprise Fund..... 19

10 Statement of Fiduciary Net Assets – Fiduciary Fund 20

Notes to the Financial Statements..... 21 - 44

REQUIRED SUPPLEMENTAL FINANCIAL DATA:

STATEMENT

Law Enforcement Officers' Special Separation Allowance:

1 Schedule of Funding Progress 45

2 Schedule of Employer Contributions and Notes to the Required Statements46

Combining and Individual Fund Financial Statements and Schedules:

3 Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund – Budget and Actual47- 58

4 Combining Balance Sheet – Nonmajor Governmental Funds59 - 60

5 Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds61 - 62

**Statements of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual:**

6	Property Revaluation Fund.....	63
7	Emergency Telephone System Fund	64
8	2004 CDBG Scattered Site Fund	65
9	Emergency Watershed Fund.....	66
10	Civic Center Capital Projects Fund.....	67
11	Industrial Park Infrastructure Capital Projects Fund.....	68
12	Rural Center Clean Water Bond Construction Fund	69
13	Qualified Zone Academy Bond Fund.....	70
14	County Complex Capital Projects Reserve Fund	71
15	County Complex Capital Projects Fund	72
16	Courthouse Renovations Capital Projects Fund	73
 <i>Enterprise Fund:</i>		
17	Statement of Revenues and Expenditures-Budget and Actual (Non-GAAP).....	74 - 75
18	Statement of Revenues and Expenditures-Budget and Actual (Non-GAAP) Water Capital Reserve Fund	76
 <i>Agency Funds:</i>		
19	Combining Statement of Changes in Net Assets, Liabilities and Fund Balance.....	77
 <u>OTHER STATEMENTS:</u>		
20	Statement of Ad Valorem Taxes Receivable.....	78
21	Analysis of Current Tax Levy.....	79
22	Ten Largest Taxpayers.....	80

(THIS SPACE INTENTIONALLY LEFT BLANK)

COMPLIANCE SECTION:

SCHEDULE

	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	81
	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.....	82 - 83
	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.....	84 - 85
1	Schedule of Findings and Questioned Costs	86 - 88
2	Corrective Action Plan	89
3	Summary Schedule of Prior Year Audit Findings	90
4	Schedule of Expenditures of Federal and State Financial Awards	91 - 96

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

NOTE

I	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	21
II	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.....	29
III	DETAIL NOTES ON ALL FUNDS	29
IV	FUND BALANCES - RESERVED FOR SPECIFIC EXPENDITURES.....	42
V	FUND BALANCES - DESIGNATED FOR FUTURE PROJECTS.....	42
VI	JOINT VENTURES.....	42
VII	JOINTLY GOVERNED ORGANIZATION.....	43
VIII	BENEFIT PAYMENTS ISSUED BY THE STATE	44
IX	SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES	44

FINANCIAL SECTION

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

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

OSSIE T. SHACKELFORD, CPA
JEFFERY L. HAINES, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Jones County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of and for the year then ended June 30, 2006, which collectively comprise Jones County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jones County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2006 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

October 25, 2006

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, 2006. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$18,169,908 (*net assets*).
- The government's total net assets increased by \$193,572, primarily due to increased net assets in the General Fund. This compares to an increase of \$1,250,386 in 2005.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general, special revenue and capital projects funds) reported combined ending fund balances of \$6,879,090, a decrease of \$66,705 in comparison with the prior year. At June 30, 2006, approximately 87.99% of this total amount, or \$6,052,704 is available for spending at the government's discretion (unreserved).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$2,797,940, or 29.61% of total general fund expenditures for the fiscal year. In 2005, unreserved undesignated fund balance in the General Fund was \$2,278,183, or 25.62% of total expenditures.

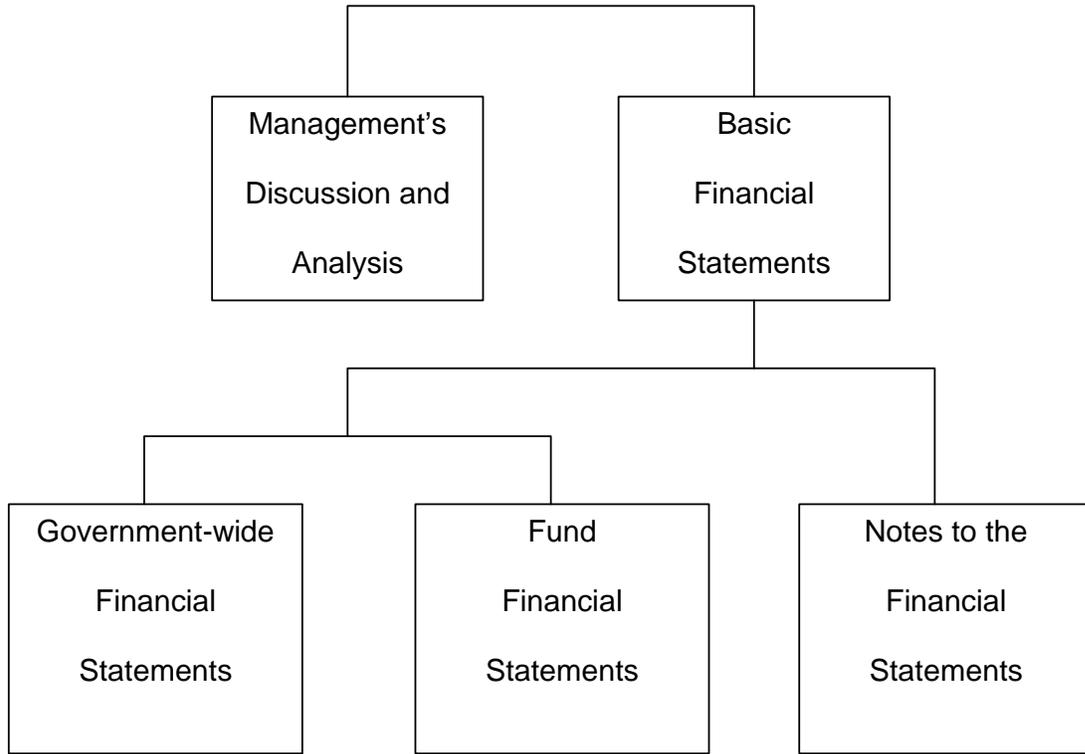
Overview of the Financial Statements

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. 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.

(THIS SPACE INTENTIONALLY LEFT BLANK)

Required Components of Annual Financial Report

Table 1



Summary —————> Detail

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 9) 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.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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 and sewer activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 21 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 45 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Jones County exceeded liabilities by \$18,169,908 as of June 30, 2006. As of June 30, 2005, the net assets of Jones County stood at \$17,976,336. The County's net assets increased by \$193,572 for the fiscal year ended June 30, 2006, compared to an increase of \$1,250,386 in 2005. One of the largest portions (50.45%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net assets (<1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,993,295 is unrestricted. In 2005, the amount of net assets invested in capital assets net of related debt was \$9,048,749, with restricted assets standing at \$13,557. The remaining \$8,914,030 was unrestricted net assets for that year.

Jones County's Net Assets:

Table 2

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$7,974,355	\$8,300,491	\$2,295,653	\$2,225,761	\$10,270,008	\$10,526,252
Capital assets	4,655,141	4,438,327	6,047,389	6,172,252	10,702,530	10,610,579
Total assets	\$12,629,496	\$12,738,818	\$8,343,042	\$8,398,013	\$20,972,538	\$21,136,831
Current Liabilities	\$356,821	\$649,627	\$105,416	\$101,815	\$462,237	\$751,442
Long-Term Liabilities	2,323,397	2,395,283	16,996	13,770	2,340,393	2,409,053
Total liabilities	\$2,680,218	\$3,044,910	\$122,412	\$115,585	\$2,802,630	\$3,160,495
Net assets:						
Invested in capital assets, net of related debt	\$3,119,164	\$2,876,497	\$6,047,389	\$6,172,252	\$9,166,553	\$9,048,749
Restricted	10,060	13,557			10,060	13,557
Unrestricted	6,820,054	6,803,854	2,173,241	2,110,176	8,993,295	8,914,030
Total net assets	\$9,949,278	\$9,693,908	\$8,220,630	\$8,282,428	\$18,169,908	\$17,976,336

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 93.29% which is comparable to last year's collection percentage of 93.86%.
- Continued attention by the County's department heads and employees to contain and reduce spending where possible.

Jones County Changes in Net Assets:

Table 3

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$482,570	\$475,956	\$750,614	\$736,222	\$1,233,184	\$1,212,178
Operating grants and contributions	3,379,599	3,700,346			3,379,599	3,700,346
Capital grants and contributions	85,299	2,252,293			85,299	2,252,293
General revenues:						
Property taxes	4,187,062	4,015,773			4,187,062	4,015,773
Other taxes	1,703,343	1,600,968			1,703,343	1,600,968
Grants and contributions not restricted to specific programs	181,532	144,420			181,532	144,420
Other	379,619	256,176	25,407	10,951	405,026	267,127
Total revenues	\$10,399,024	\$12,445,932	\$776,021	\$747,173	\$11,175,045	\$13,193,105
Expenses:						
General government	\$1,506,598	\$2,830,535			\$1,506,598	\$2,830,535
Public safety	1,670,979	1,526,400			1,670,979	1,526,400
Environmental Protection	435,406	427,876			435,406	427,876
Economic and physical development	365,934	979,990			365,934	979,990
Human services	4,311,949	4,098,552			4,311,949	4,098,552
Cultural and recreation	219,807	173,612			219,807	173,612
Education	1,612,511	1,235,944			1,612,511	1,235,944
Interest on long-term debt	65,470	3,923			65,470	3,923
Water			\$792,819	\$665,887	792,819	665,887
Total expenses	\$10,188,654	\$11,276,832	\$792,819	\$665,887	\$10,981,473	\$11,942,719
Increase in net assets before transfer	\$210,370	\$1,169,100	(\$16,798)	\$81,286	\$193,572	\$1,250,386
Transfers	45,000	31,000	(45,000)	(31,000)		
Increase in net assets	\$255,370	\$1,200,100	(\$61,798)	\$50,286	\$193,572	\$1,250,386
Net assets, July 1	9,693,908	8,493,808	8,282,428	8,232,142	17,976,336	16,725,950
Net assets, June 30	\$9,949,278	\$9,693,908	\$8,220,630	\$8,282,428	\$18,169,908	\$17,976,336

Governmental Activities. Governmental activities increased the County's net assets by \$255,370 compared to an increase of \$1,200,100 in 2005. The 2005 growth was enhanced by additional grant revenues for the rehab/repair of homes-tax base, Emergency Management, and the Health Department. Key elements of the increase in 2006 are as follows:

- Taking a hard line on expenditures by elected Board due to this fiscal year being a revaluation year
- Monthly review by Finance Officer of year to date expenditures

Business-type activities: Business-type activities decreased Jones County's net assets by \$61,798 compared to an increase of \$50,286 in 2005. Key elements of this decrease in 2006 are as follows:

- Salary expense increased due to hiring a new Assistant Water Supervisor
- Insurance expense increased by 62% due to a 5 year insurance company review
- Water system repairs increased approximately \$40,000

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,311,071, while total fund balance reached \$6,137,457. \$2,513,131 of the unreserved fund balance has been designated for future projects and subsequent year's expenditures, leaving \$2,797,940 unreserved and undesignated. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and unreserved/undesignated total fund balance to total fund expenditures. Unreserved fund balance and unreserved/undesignated fund balance represent 56.21 and 29.61 percent, respectively of total General Fund expenditures, while total fund balance represents 64.96 percent of that same amount.

At June 30, 2006, the governmental funds of Jones County reported a combined fund balance of \$6,879,090 compared to \$6,945,795 at June 30, 2005. The primary reason for this decrease is the decrease in fund balance in the Capital Projects Funds.

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 revenues by \$530,341.

Proprietary Funds. Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,173,241. The total decrease in net assets was \$61,798. Other factors concerning the finances of this fund has already been addressed in the discussion of Jones County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Jones County's capital assets for its governmental and business – type activities as of June 30, 2006, totals \$10,702,530 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- Completed construction of a new \$2.5 million office complex to house Administration, Social Services, and the Health Department
- Added water line extensions
- Purchased new ambulance at a cost of \$84,683

Jones County's Capital Assets:

Table 4

Jones County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$385,899	\$385,899	\$35,708	\$35,708	\$421,607	\$421,607
Buildings and system	3,813,225	1,340,150	5,890,126	6,041,530	9,703,351	7,381,680
Machinery and equipment	313,029	284,369	121,555	95,014	434,584	379,383
Infrastructure	142,988	146,033			142,988	146,033
Construction in Progress		2,281,876				2,281,876
Total	\$4,655,141	\$4,438,327	\$6,047,389	\$6,172,252	\$10,702,530	\$10,610,579

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

Long-term Debt. As of June 30, 2006, Jones County had Qualified Zone Academy Bonds outstanding of \$683,421.

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 \$41,931,929. At June 30, 2006, Jones County had general obligations and capitalized leases outstanding of \$2,228,679 that are to be considered within the legal debt margin.

Additional information regarding Jones County's long-term debt can be found in note III. (B) (6) beginning on page 39 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County is enjoying a low unemployment rate of 4.5%, lower than the state average of 4.8%.
- Two subdivisions are being developed in the County at an estimated value of \$35 million.
- Lenoir Community College is making plans to begin construction on their new facility this year.
- The County has seen an increase in private construction of new homes.
- The County completed a revaluation which decreased the tax rate from .79 to .66.

Budget Highlights for the Fiscal Year Ending June 30, 2007

Governmental Activities: The County's tax base increased 1.62% from the previous year thereby increasing the budgeted tax revenues slightly.

Budgeted expenditures in the General Fund are expected to rise 7.57%.

Business – type Activities: General operating expenses have been budgeted consistent with the prior year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$6,604,998	\$2,152,772	\$8,757,770	\$83,159
Receivables (Net)	681,033	99,923	780,956	
Due From Other Governments	499,733		499,733	
Inventories	4,147	42,958	47,105	105,838
Prepaid Items				1,788
Notes Receivable:				
Due Within One Year	16,676		16,676	
Due in More Than One Year	167,768		167,768	
Capital Assets:				
Land, Improvements, and Construction in Progress	385,899	35,708	421,607	15,073
Other Capital Assets, Net of Depreciation	4,269,242	6,011,681	10,280,923	31,126
Total Capital Assets	\$4,655,141	\$6,047,389	\$10,702,530	\$46,199
Total Assets	\$12,629,496	\$8,343,042	\$20,972,538	\$236,984
Liabilities:				
Accounts Payable and Accrued Expenses	\$211,885	\$27,901	\$239,786	\$74,834
Accrued Interest Payable	14,647			
Unearned Revenue	32,989		32,989	
Customer Deposits		77,515	77,515	
Long-term Liabilities:				
Due within one year	97,300		97,300	
Due in more than one year	2,323,397	16,996	2,340,393	
Total Liabilities	\$2,680,218	\$122,412	\$2,787,983	\$74,834
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$3,119,164	\$6,047,389	\$9,166,553	\$46,199
Restricted For:				
Register of Deeds	5,913		5,913	
Other Purposes	4,147		4,147	26,796
Unrestricted	6,820,054	2,173,241	8,993,295	89,155
Total Net Assets	\$9,949,278	\$8,220,630	\$18,169,908	\$162,150

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$1,506,598	\$119,118	\$5,506	
Public Safety	1,670,979	188,060	140,123	\$80,449
Environmental Protection	435,406	111,917	90,680	
Economic and Physical Development	365,934		215,144	4,850
Human Services	4,311,949	59,195	2,888,634	
Cultural and Recreation	219,807	4,280		
Education	1,612,511		39,512	
Interest on Long-Term Debt	65,470			
Total Governmental Activities	\$10,188,654	\$482,570	\$3,379,599	\$85,299
Business-type Activity:				
Water	\$792,819	\$750,614		
Total Business-type Activities	\$792,819	\$750,614	\$0	\$0
	\$10,981,473	\$1,233,184	\$3,379,599	\$85,299
Component Units:				
ABC Board	\$859,189	\$866,416		
Total Component Unit	\$859,189	\$866,416	\$0	\$0

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

Gain on Sale of Asset

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets, Beginning

NET ASSETS, ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Jones County ABC Board
(\$1,381,974)		(\$1,381,974)	
(1,262,347)		(1,262,347)	
(232,809)		(232,809)	
(145,940)		(145,940)	
(1,364,120)		(1,364,120)	
(215,527)		(215,527)	
(1,572,999)		(1,572,999)	
(65,470)		(65,470)	
(\$6,241,186)	\$0	(\$6,241,186)	
	(\$42,205)	(\$42,205)	
\$0	(\$42,205)	(\$42,205)	
(\$6,241,186)	(\$42,205)	(\$6,283,391)	
			\$7,227
			\$7,227
\$4,187,062		\$4,187,062	
1,602,420		1,602,420	
100,923		100,923	
181,532		181,532	
326,845	\$21,252	348,097	\$348
52,774	4,155	56,929	32
			2,000
45,000	(45,000)		
\$6,496,556	(\$19,593)	\$6,476,963	\$2,380
\$255,370	(\$61,798)	\$193,572	\$9,607
9,693,908	8,282,428	17,976,336	152,543
\$9,949,278	\$8,220,630	\$18,169,908	\$162,150

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Major	Non-Major	
		Other	
	General	Governmental	Total
		Funds	Governmental
			Funds
ASSETS:			
Cash and Cash Equivalents	\$5,799,087	\$805,911	\$6,604,998
Receivables, Net	590,004	8,544	598,548
Due From Other Governments	487,735	11,998	499,733
Due From Other Funds	1,112		1,112
Current Portion-Notes Receivable	16,676		16,676
Inventories	4,147		4,147
Notes Receivable	167,768		167,768
TOTAL ASSETS	\$7,066,529	\$826,453	\$7,892,982
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$189,614	\$22,271	\$211,885
Due to Other Funds		1,112	1,112
Unearned Revenue	32,989		32,989
Deferred Revenue	706,469	61,437	767,906
Total Liabilities	\$929,072	\$84,820	\$1,013,892
<i>Fund Balances:</i>			
Reserved for:			
Inventories	\$4,147		\$4,147
State Statute	556,826		556,826
Reserved for Specific Expenditures	259,500		259,500
Register of Deeds	5,913		5,913
Unreserved, Available for Appropriation:			
Designated for Future Projects	2,032,552		2,032,552
Designated for Subsequent Years' Expenditures	480,579		480,579
Undesignated	2,797,940		2,797,940
Unreserved, Reported In Nonmajor:			
Special Revenue Funds		\$129,925	129,925
Capital Projects Fund		611,708	611,708
Total Fund Balances	\$6,137,457	\$741,633	\$6,879,090
TOTAL LIABILITIES AND FUND BALANCES	\$7,066,529	\$826,453	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$4,655,141
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	82,485
Liabilities for earned but deferred revenues in fund statements.	767,906
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(2,435,344)
Net Assets of Governmental Activities	\$9,949,278

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2006

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Ad Valorem Taxes	\$4,164,536		\$4,164,536
Local Option Sales Taxes	1,602,420		1,602,420
Other Taxes and Licenses	63,145	\$102,858	166,003
Unrestricted Intergovernmental	100,923		100,923
Restricted Governmental	3,236,194	245,049	3,481,243
Permits and Fees	175,940		175,940
Sales and Services	228,683		228,683
Investment Earnings	323,503	3,342	326,845
Miscellaneous	125,642	6,000	131,642
TOTAL REVENUES	\$10,020,986	\$357,249	\$10,378,235
EXPENDITURES:			
<i>Current:</i>			
General Government	\$1,285,955	\$416,045	\$1,702,000
Public Safety	1,523,065	175,131	1,698,196
Environmental Protection	435,173		435,173
Economic and Physical Development	197,639	164,790	362,429
Human Services	4,295,030		4,295,030
Cultural and Recreational	177,631	6,420	184,051
Miscellaneous-County	32,853		32,853
<i>Intergovernmental:</i>			
Education	1,384,030	278,893	1,662,923
<i>Debt Service:</i>			
Principal	51,005		51,005
Interest	66,280		66,280
Total Expenditures	\$9,448,661	\$1,041,279	\$10,489,940
Excess (Deficiency) of Revenues Over Expenditures	\$572,325	(\$684,030)	(\$111,705)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$45,000	\$687,798	\$732,798
Transfers to Other Funds	(449,078)	(238,720)	(687,798)
Total Other Financing Sources (Uses)	(\$404,078)	\$449,078	\$45,000
Net Change in Fund Balance	\$168,247	(\$234,952)	(\$66,705)
<i>Fund Balances, Beginning</i>	5,969,210	976,585	6,945,795
FUND BALANCES, ENDING	\$6,137,457	\$741,633	\$6,879,090

The accompanying notes are an integral part of the financial statements.

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, 2006

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

Net changes in fund balances - total governmental funds	(\$66,705)
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	218,856
Loss recognized on disposal of capital assets not recorded in the fund statements	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,632
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	85,164
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.	15,423
Total Changes in Net Assets of Governmental Activities	\$255,370

The accompanying notes are an integral part of the financial statements.

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
Revenues:				
Ad Valorem Taxes	\$4,077,533	\$4,077,533	\$4,164,536	\$87,003
Local Option Sales Tax	1,355,000	1,355,000	1,602,420	247,420
Other Taxes and Licenses	46,000	50,450	63,145	12,695
Unrestricted Intergovernmental	81,000	81,000	100,923	19,923
Restricted Intergovernmental	2,895,647	3,401,735	3,236,194	(165,541)
Permits and Fees	168,108	165,573	175,940	10,367
Sales and Services	254,625	254,630	228,683	(25,947)
Investment Earnings	100,000	100,000	323,503	223,503
Miscellaneous	31,690	54,023	125,641	71,618
Total Revenues	\$9,009,603	\$9,539,944	\$10,020,985	\$481,041
Expenditures:				
<i>Current:</i>				
General Government	\$1,345,308	\$1,362,787	\$1,285,955	\$76,832
Public Safety	1,356,960	1,565,477	1,523,065	42,412
Environmental Protection	478,139	478,139	435,173	42,966
Economic and Physical Development	220,897	225,768	197,639	28,129
Human Services	4,404,329	4,764,603	4,295,030	469,573
Cultural and Recreational	178,029	183,989	177,631	6,358
Miscellaneous-County	70,000	41,090	32,853	8,237
<i>Intergovernmental:</i>				
Education	1,408,577	1,485,077	1,384,030	101,047
<i>Debt Service:</i>				
Principal Retirement	90,765	96,288	51,005	45,283
Interest	66,280	66,280	66,280	
Total Expenditures	\$9,619,284	\$10,269,498	\$9,448,661	\$820,837
Revenues Over (Under) Expenditures	(\$609,681)	(\$729,554)	\$572,324	\$1,301,878
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$35,000	(\$454,715)	(\$404,077)	\$50,638
Appropriated Fund Balance	574,681	1,184,269		(1,184,269)
Total Other Financing Sources (Uses)	\$609,681	\$729,554	(\$404,077)	(\$1,133,631)
Net Change in Fund Balance	\$0	\$0	\$168,247	\$168,247
<i>Fund Balances:</i>				
Beginning of Year, July 1			5,969,210	
End of Year, June 30			\$6,137,457	

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2006

	Enterprise Fund
	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$2,152,772
Receivables, Net	99,923
Inventories	42,958
Total Current Assets	\$2,295,653
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	\$35,708
Other Capital Assets, Net of Depreciation	6,011,681
Total Capital Assets	\$6,047,389
TOTAL ASSETS	\$8,343,042
<u>LIABILITIES AND NET ASSETS</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$27,901
Customer Deposits	77,515
Total Current Liabilities	\$105,416
<i>Noncurrent Liabilities:</i>	
Compensated Absences	\$16,996
Total Noncurrent Liabilities	\$16,996
TOTAL LIABILITIES	\$122,412
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	\$6,047,389
Unrestricted	2,173,241
Total Net Assets	\$8,220,630

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2006

	Enterprise Fund
	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$717,539
Water Tap Fees	17,100
Reconnect Fees	15,975
Other Operating Revenues	4,155
Total Operating Revenues	\$754,769
OPERATING EXPENSES	
Administration	\$182,261
Raw Water Supply Maintenance	393,538
Depreciation	217,020
Total Operating Expense	\$792,819
Operating Income (Loss)	(\$38,050)
NONOPERATING REVENUES (EXPENSES)	
Interest and Investment Revenue	\$21,252
Total Nonoperating Revenue (Expenses)	\$21,252
Income (Loss) Before Contributions and Transfers	(\$16,798)
Transfers (To) From Other Funds	(45,000)
Change in Net Assets	(\$61,798)
Total Net Assets, Beginning	8,282,428
Total Net Assets, Ending	\$8,220,630

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2006

	Major Fund Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$750,152
Cash Paid for Goods and Services	(333,764)
Cash Paid to Employees for Services	(235,092)
Customer Deposits Received	15,250
Customer Deposits Returned	(10,650)
Other Operating Revenues	4,155
Net Cash Provided (Used) by Operating Activities	\$190,051
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(\$45,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(\$92,158)
Net Cash Used by Capital and Related Financing Activities	(\$92,158)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	\$21,252
Net Increase (Decrease) in Cash and Cash Equivalents	\$74,145
Cash and Cash Equivalents, July 1	2,078,627
Cash and Cash Equivalents, June 30	\$2,152,772
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$38,050)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$217,020
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	(462)
Decrease (Increase) in Inventory	4,715
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(998)
Increase (Decrease) in Customer Deposits	4,600
Increase (Decrease) in Accrued Vacation Payable	3,226
Total Adjustments	\$228,101
Net Cash Provided by (Used by) Operating Activities	\$190,051

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2006

	Agency Fund
<u>Assets</u>	
Cash and Cash Equivalents	\$54,634
Accounts Receivable	11,431
Total Assets	\$66,065
<u>Liabilities and Net Assets</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$66,065
Total Liabilities	\$66,065
<i>Net Assets:</i>	
Assets Held in Trust	\$0

The accompanying notes are an integral part of the financial statements.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 (the 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 does not appear in the basic financial statements. The Jones County ABC Board (the Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed as a 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, 2006

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

Measurement Focus, Basis of Accounting

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Jones County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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

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

C. BUDGETARY DATA

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation Fund, Emergency Telephone System Fund, and Emergency Watershed Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the 2004 CDBG Scattered Site Fund, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional 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 \$530,341 due to budget amendments. In the Enterprise Fund, revenues and expenditures were increased by \$113,041 due to budget amendments. In the Special Revenue Funds, revenues and expenditures were increased by \$179,078 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. ASSETS, LIABILITIES, AND FUND EQUITY

1. Deposits and Investments

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

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

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

2. Use of Estimates

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

3. Cash and Cash Equivalents

The County pools money 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. 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. The taxes are based on the assessed values as of January 1, 2005. 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.

5. 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.

6. 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 General Fund, 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.

7. Capital Assets

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

The County holds title to certain Jones County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. 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 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	50
Improvements	25
Furniture and Equipment	10
Vehicles	10
Computer Equipment	5

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

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

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

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

Unreserved:

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

Designated for Subsequent Year's Expenditures – portion of total fund balance available for appropriation that has been designated for the adopted 2006-2007 budget ordinance.

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

E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$3,070,188 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$6,475,140
Less Accumulated Depreciation	<u>(1,819,999)</u>
Net Capital Assets	\$4,655,141
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	82,485
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	767,906
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(2,228,679)
Compensated absences	(191,455)
Accrued interest payable	(14,647)
Net pension obligation	(563)
Total Adjustment	<u>\$3,070,188</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$322,075 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$445,086
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.	(226,230)
New debt issued during the year is recorded as a source of funds of the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets	(16,252)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	101,416
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	14,613
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	810
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/05	(505,508)
Recording of tax receipts deferred in the fund statements as of 6/30/06	529,696
Increase in accrued taxes receivable for year ended 6/30/06	(1,662)
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.	(19,894)
Total Adjustment	<u>\$322,075</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended June 30, 2006, the County reported the following expenditures that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance. Management will monitor budgets closely in the future to avoid expenditures in excess of appropriations.

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
General Fund			
General Government			
Court Facilities	\$19,000	\$20,199	\$1,199
Civic Center Capital Projects Fund			
Cultural and Recreational	\$259,000	\$269,353	\$10,353
Industrial Park Infrastructure Capital Projects Fund			
Economic and Physical Development			
Sewer Improvements	\$145,376	\$153,141	\$7,765
County Complex Capital Projects Fund			
General Government			
Engineering	\$10,219	\$25,789	\$15,570
Administration	\$556	\$677	\$121

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 policy regarding custodial credit risk for deposits.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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, 2006, the County's deposits had a carrying amount of \$1,467,581 and a bank balance of \$1,548,554. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,348,554 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2006, Jones County had \$1,750 cash on hand.

At June 30, 2006, the carrying amount of deposits for Jones County ABC Board was \$81,659 and the bank balance was \$86,509. All of the bank balance was covered by federal depository insurance. At June 30, 2006, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2006, the County's investment balances were as follows:

	Fair Value
NC Capital Management Trust - Cash Portfolio	
Total Investments	\$7,344,823

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, 2006. The County has no policy on credit risk.

At June 30, 2006, the ABC Board had no investments in the North Carolina Capital Management Trust.

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

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

Year Levied	Tax	Interest	Total
2002	235,820	77,231	313,051
2003	240,799	57,190	297,989
2004	239,067	35,262	274,329
2005	240,007	13,801	253,808
Total	\$955,693	\$183,484	\$1,139,177

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

4. Receivables

Receivables at the government-wide level at June 30, 2006, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
<i>Governmental Activities:</i>				
General	\$245,608	\$628,681	\$487,735	\$1,362,024
Other Governmental	8,544		11,998	20,542
Total Receivables	\$254,152	\$628,681	\$499,733	\$1,382,566
Allowance for Doubtful Accounts	(185,300)	(16,500)		(201,800)
Total Governmental Activities	\$68,852	\$612,181	\$499,733	\$1,180,766
<i>Business-type Activities:</i>				
Water	\$122,523			\$122,523
Total Receivables	\$122,523	\$0	\$0	\$122,523
Allowance for Doubtful Accounts	(22,600)			(22,600)
Total Business-type Activities	\$99,923	\$0	\$0	\$99,923

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

Local option sales tax	\$282,926
Various Human Services Revenues	201,904
Scrap Tire Tax	2,905
Wireless 911 Funds	5,519
CDBG Scattered Site	320
NCDENR-White Oak River Project Grant	6,159
	\$499,733

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Notes Receivable

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

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

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

The third loan was made on February 5, 2002 to ACT Manufacturing for \$12,500. ACT manufactures and assembles prefabricated wall sections and has used the proceeds to set up operations within the County. The terms of the loan call for monthly payments of \$125 for ten years including interest at 3.75%. (As of the report date, ACT Manufacturing had not made a payment since August 2002). In August 2004, Act Manufacturing was evicted. In November 2005, the Jones County Commissioners voted to write off the debt to the County in the amount of \$12,086 as uncollectible.

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

The fifth loan was made on May 31, 2005 to Timeless Customs for \$50,000. Timeless Customs is an auto repair business and has used the proceeds to make repairs and improvements to the shop building. The terms of the loan call for 59 monthly payments of \$370 including interest at 4% with a balloon payment due May 1, 2010.

The following summarizes the expected collection on these notes:

Principle Amounts Due for the Year Ended June 30:	M&W #1	SRS	BLUE ROCK	TIMELESS CUSTOMS	Total
2007	6,495	6,351	1,228	2,602	16,676
2008	6,754	6,743	1,274	2,708	17,479
2009	7,035	7,158	1,323	2,819	18,335
2010	7,322	7,600	1,374	39,000	55,296
2011	7,620	8,069	1,426		17,115
2012 - 2014	27,338	31,176	1,029		59,543
	\$62,564	\$67,097	\$7,654	\$47,129	\$184,444

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$385,899			\$385,899
Construction in Progress	2,281,876		\$2,281,876	
Total Capital Assets Not Being Depreciated	\$2,667,775	\$0	\$2,281,876	\$385,899
Capital Assets Being Depreciated:				
Buildings	\$2,278,596	\$2,590,456		\$4,869,052
Infrastructure	152,235			152,235
Equipment	956,448	136,506	\$25,000	1,067,954
Total Capital Assets Being Depreciated	\$3,387,279	\$2,726,962	\$25,000	\$6,089,241
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$938,446	\$117,381		\$1,055,827
Infrastructure	6,202	3,045		9,247
Equipment	672,079	105,804	\$22,958	754,925
Total Accumulated Depreciation	\$1,616,727	\$226,230	\$22,958	\$1,819,999
<i>Total Capital Assets Being Depreciated, Net</i>	\$1,770,552			\$4,269,242
Governmental Activity Capital Assets, Net	\$4,438,327			\$4,655,141

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

General Government	\$95,233
Public Safety	62,562
Environmental Protection	1,050
Economic and Physical Development	13,589
Human Services	18,293
Cultural and Recreational	35,503
Total Depreciation Expense	\$226,230

Business-type Activity:

Jones County Water Fund:

Capital assets not being depreciated:				
Land	\$35,708			\$35,708
Total Capital Assets Not Being Depreciated	\$35,708	\$0	\$0	\$35,708
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$8,728,532	\$33,418		\$8,761,950
Machinery and Equipment	30,688	21,687		52,375
Vehicles and Construction Equipment	377,575	37,053	15,083	399,545
Total Assets Being Depreciated	\$9,136,795	\$92,158	\$15,083	\$9,213,870
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$2,687,002	\$184,822		\$2,871,824
Machinery and Equipment	26,298	4,153		30,451
Vehicles and Construction Equipment	286,951	28,046	15,083	299,914
Total Accumulated Depreciation	\$3,000,251	\$217,021	\$15,083	\$3,202,189
<i>Total Capital Assets Being Depreciated, Net</i>	6,136,544			6,011,681
Business-type Activity Capital Assets, Net	\$6,172,252			\$6,047,389

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Construction Commitments

The government has active construction projects as of June 30, 2006. The projects include Civic Center improvements, Industrial Park construction, and Clean Water Bond construction.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Civic Center	\$269,353	
Industrial Park	239,175	\$121,800
Clean Water Bond	251,335	29,735
	\$759,863	\$151,535

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2006 was as follows:

	<u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2006</u>
Capital Assets Not Being Depreciated				
Land	\$15,073	\$0	\$0	\$15,073
Capital Assets Being Depreciated				
Buildings	\$81,739			\$81,739
Furniture/Equipment	71,804	\$14,000	4,830	80,974
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$169,145	\$14,000	\$4,830	\$178,315
Less Accumulated Depreciation For:				
Buildings	\$61,493	\$1,740		\$63,233
Furniture/Equipment	70,432	2,752	4,830	68,354
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$147,527	\$4,492	\$4,830	\$147,189
<i>Total Capital Assets Being Depreciated, Net</i>	\$21,618			\$31,126
Business-type Activity Capital Assets, Net	\$36,691			\$46,199

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2006, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$131,995	\$57,619	\$189,614
Other Governmental	22,271		22,271
Total Governmental Activities	\$154,266	\$57,619	\$211,885
Business-type Activities:			
Water Fund	\$23,001	\$4,900	\$27,901
Total Business-type Activities	\$23,001	\$4,900	\$27,901

2. Pension Plan Obligations

a. Local Governmental Employee's Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.96% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.61% of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$142,152, \$141,872, and \$134,666, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$4,190, \$3,867, and \$3,958, 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 (the "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, 2005, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	9
	9
Total	9

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, 2006

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 benefit payments 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, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post retirement benefit increases.

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

Annual Required Contribution	\$4,920
Interest on Net Pension Obligation	(311)
Adjustment to Annual Required Contribution	246
Annual Pension Cost	\$4,855
 Contributions Made	 0
 Increase (Decrease) in Net Pension Obligation	 \$4,855
 Net Pension Obligation - Beginning of Year	 (4,291)
Net Pension Obligation - End of Year	\$564

TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/04	6,076	0%	(9,666)
6/30/05	5,375	0%	(4,291)
6/30/06	4,855	0%	564

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.

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, 2006 were \$25,712, which consisted of \$11,401 from the County and \$14,311 from the law enforcement officers.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

Plan Description. Jones County also contributes to the Registers of Deeds' Supplemental Pension Fund (the "Fund"), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 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, 2006, the County's required and actual contributions were \$2,337.

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 County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2006, the County made contributions to the State for death benefits of \$4,554. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .16% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

3. **Deferred/Unearned Revenues**

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid Property Taxes Not Yet Earned		\$32,989
Taxes Receivable (Net)	\$529,696	
EMS Receivables (Net)	36,023	
Solid Waste Receivables (Net)	2,219	
Other Receivables Not Available at Year End	138,531	
Revenues (Capital Project)	61,437	
Total	\$767,906	\$32,989

4. Risk Management

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

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

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

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

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

5. Contingent Liabilities

At June 30, 2006, 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

6. Long-Term Obligations

a. Notes Payable/Installment Obligations

1. On May 28, 1999, the County borrowed \$65,000 from the Global TransPark Development Zone from funds generated by the temporary five dollar (\$5.00) motor vehicle registration tax. These tax proceeds were deposited into a revolving loan account to be used for economic development and infrastructure construction projects by counties within the zone.

Jones County donated the proceeds of the \$65,000 loan to the Jones County Committee of 100, who in turn purchased land for an industrial park within the County. On January 9, 2002, the committee of 100 signed the deed for the Industrial Park Land, which had a fair market value of \$105,000.

The County's obligation under this agreement is limited to the amount of its annual budgetary appropriation for the payment of principal and interest. The obligation calls for eight annual payments of \$9,605 beginning on June 1, 2000 and ending on June 1, 2007. The obligation carries an interest rate of 3.875% and the June 30, 2006 balance was \$9,281.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	<u>\$9,281</u>	<u>\$360</u>	<u>\$9,641</u>

2. 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, 2006 balance was \$1,484,771.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	15,512	63,118	78,630
2008	16,172	62,458	78,630
2009	16,859	61,771	78,630
2010	17,575	61,055	78,630
2011	18,322	60,308	78,630
2012-2016	103,976	289,174	393,150
2017-2021	128,031	265,119	393,150
2022-2026	157,649	235,501	393,150
2027-2031	194,122	199,028	393,150
2032-2036	239,032	154,118	393,150
2037-2041	294,331	98,819	393,150
2042-2045	283,190	30,738	313,928
	<u>\$1,484,771</u>	<u>\$1,581,207</u>	<u>\$3,065,978</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

b. **Capital Lease**

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in July of 2001 for the lease of Register of Deeds computer equipment. This lease was modified on May 21, 2003 and some equipment was changed out and updated. This lease was again modified on January 27, 2006 and some equipment was changed out and updated. Present terms require 5 annual payments of \$3,698 beginning on January 27, 2007. The second agreement was executed on March 5, 2003 for the lease of an ambulance and requires five annual payments of \$18,397 beginning on July 15, 2003.

At June 30, 2006, the County leased equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$155,438	\$99,147	\$56,291

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

<u>Year Ending June 30</u>	
2007	\$22,095
2008	22,095
2009	3,698
2010	3,698
2011	3,698
Total minimum lease payments	\$55,284
Less: amount representing interest	4,078
Present value of the minimum lease payments	\$51,206

c. **Operating Lease**

The County entered into a commitment to lease E-911 telephone equipment in February of 2002. This lease is for five years and requires monthly lease payments of \$6,629. The following is a schedule of the future minimum lease payments required under the operating lease:

<u>Year Ending June 30</u>	
2007	\$46,403

d. **General Obligation Indebtedness**

Qualified Zone Academy bonds (QZAB) issued on August 22, 2002 under Internal Revenue Code Section 1397E; due serially to 2019 with no interest; collateralized by real estate, including a school building.

\$683,420

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

e. **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, 2006:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$61,829	\$16,252	\$26,875	\$51,206	\$22,095
Global Transpark Development Zone Loan	18,181		8,900	9,281	9,281
USDA Loan	1,500,000		15,229	1,484,771	15,512
Qualified Zone Academy Bonds	733,833		50,412	683,421	50,412
Net Pension Obligation		563		563	
Compensated Absences	176,842	129,891	115,278	191,455	
Total Governmental Activities	\$2,490,685	\$146,706	\$216,694	\$2,420,697	\$97,300
Business-type Activity:					
Compensated Absences	\$13,770	\$9,904	\$6,678	\$16,996	
Total	\$13,770	\$9,904	\$6,678	\$16,996	\$0

Compensated absences 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

The composition of interfund balances as of June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	<i>Special Revenue Fund:</i>	
	Emergency Watershed Fund	\$792
	2004 CDBG Scattered Site	320
	Total	\$1,112

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Transfers to/from other funds for the year ended June 30, 2006 are as follows:

Operating Transfers From / To Other Funds	TRANSFERS	
	FROM	TO
General Fund:		
Special Revenue Fund		\$34,715
Capital Projects Fund	\$40,638	455,000
Enterprise Fund	45,000	
Special Revenue Fund:		
General Fund	34,715	
Capital Projects Fund:		
General Fund	455,000	40,638
Enterprise Fund:		
General Fund		45,000
Total Operating Transfers	\$575,353	\$575,353

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

General Fund:	
Civic Center	\$33,250
Fire District Tax - Township #7	965
Health Department	225,285
Total	\$259,500

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

General Fund:	
School Capital Outlay	\$1,490,534
Community (Economic) Development	355,077
Social Services Long-Term Screening	29,268
Facility Fees	136,359
Soil Conservation	10,059
White Goods	9,468
Tires	1,787
Total	\$2,032,552

VI. JOINT VENTURES

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2006. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$101,528 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 \$55,442 and \$50,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2006. 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, 2006. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$31,533 for the operation of the Center during the fiscal year ended June 30, 2006. 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, 2006. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health's administrative offices at 405 Middle Street, City of New Bern, NC 28563.

VII. JOINTLY GOVERNED ORGANIZATION

Eastern Carolina Housing Authority

The County, in conjunction with 10 other counties, has established the Eastern Carolina Housing 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 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 forty-two voting members, consisting of three members from Jones County and each of the twelve other participating counties, and three members appointed by the Global TransPark Authority. The Board of County Commissioners of the respective counties appoints the voting members from each of the counties.

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds is nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2006, the portion of the trust available to be loaned exclusively to Jones County was \$741,954.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

VIII. BENEFIT PAYMENTS ISSUED BY THE STATE

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

	Federal	State
Medicaid	\$8,392,533	\$4,162,928
Food Stamp Program	1,226,595	
Temporary Assistance For Needy Families	110,219	
WIC	108,823	
Supplemental Assistance		117,356
Energy Assistance	25,464	
Foster Care	10,399	2,982
Adoption Assistance	10,729	3,080
Adoption Subsidy		1,755
	\$9,884,762	\$4,288,101
Total		

IX. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS
 June 30, 2006

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%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2006

<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%

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	12/31/04
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	Market Value
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	7.25%
Projected Salary Increases	4.5% to 12.3%
Includes Inflation At	3.75%
Cost-of-Living Adjustments	N/A

SUPPLEMENTARY INFORMATION
Combining and Individual Fund Financial Statements and Schedules

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>2006 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$4,032,533	\$4,115,643	\$83,110
Penalties and Interest	45,000	48,893	3,893
Total Ad Valorem Taxes	\$4,077,533	\$4,164,536	\$87,003
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$1,355,000	\$1,602,420	\$247,420
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$40,450	\$45,885	\$5,435
Scrap Tire Disposal Tax	10,000	17,260	7,260
Total Other Taxes and Licenses	\$50,450	\$63,145	\$12,695
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$50,000	\$57,994	\$7,994
Beer & Wine Tax	30,000	38,644	8,644
Federal Excise Tax	1,000	4,285	3,285
Total Unrestricted Intergovernmental Revenue	\$81,000	\$100,923	\$19,923
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$3,053,375	\$2,793,805	(\$259,570)
CDBG Loan Repayments		38,789	38,789
Court Facilities Fees	15,000	37,817	22,817
ABC - 5 cent Bottle Tax	3,500	3,694	194
ABC - 1 cent Bottle Tax	500	168	(332)
Correction and Rehab Center Grant	47,368	38,208	(9,160)
Juvenile Justice and Delinquency	90,351	90,351	
Veterans Commission	2,000	2,000	
Child Abuse	350	140	(210)
Domestic Violence	1,500	560	(940)
Inmate Food Reimbursement	12,000	15,838	3,838
National Forest Receipts/Schools	20,000	39,512	19,512
DWI/Safe Roads Act	1,000	1,335	335
Voting Machines - Election Grant	10,768	10,408	(360)
HSGP Grant	12,842	12,842	
Global TransPark Flex Grant	1,960	5,000	3,040
Emergency Management	10,000	12,378	2,378
Ambulance Grant	80,449	80,449	
Hurricane Ophelia	3,774	5,318	1,544
Soil Conservation	34,998	47,582	12,584
Total Restricted Intergovernmental Revenue	\$3,401,735	\$3,236,194	(\$165,541)

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine	\$500	\$570	\$70
Concealed/Handgun Permits	800	1,655	855
Building and Other Permits and Fees	118,135	116,338	(1,797)
Register of Deeds	40,138	50,538	10,400
Marriage Licenses	1,000	700	(300)
Franchise - Cable TV	5,000	6,139	1,139
Total Permits & Fees	\$165,573	\$175,940	\$10,367
Sales and Services:			
Jail and Officer Fees	\$20,305	\$24,958	\$4,653
EMS Fees	100,000	78,483	(21,517)
Trash Fees	58,000	47,296	(10,704)
Town Tax Billings & Collection	8,825	10,712	1,887
Vending Machines	500	721	221
Solid Waste/Recycling	67,000	66,513	(487)
Total Sales & Services	\$254,630	\$228,683	(\$25,947)
Total Investment Earnings	\$100,000	\$323,503	\$223,503
Other Revenues:			
Civic Center Rent	\$15,000	\$19,390	\$4,390
Meherrin Company Rent		40,959	40,959
Probation Office Rent	1,760	1,760	
FSA Rent	4,480	4,480	
Gasoline Tax Refund		56	56
Other	32,783	58,996	26,213
Total Other Revenues	\$54,023	\$125,641	\$71,618
TOTAL REVENUES	\$9,539,944	\$10,020,985	\$481,041

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$53,754	\$53,668	\$86
Operating Expenses	28,810	26,386	2,424
Insurance Other Than Property	128,853	125,928	2,925
Total	\$211,417	\$205,982	\$5,435
Elections:			
Salaries & Employee Benefits	\$57,218	\$50,688	\$6,530
Operating Expenses	46,036	31,039	14,997
Total	\$103,254	\$81,727	\$21,527
Finance:			
Salaries & Employee Benefits	\$149,051	\$148,429	\$622
Operating Expenses	35,836	33,415	2,421
Total	\$184,887	\$181,844	\$3,043
Taxes:			
Salaries & Employee Benefits	\$189,966	\$182,315	\$7,651
Operating Expenses	37,190	35,365	1,825
Total	\$227,156	\$217,680	\$9,476
Legal:			
Contracted Services	\$45,804	\$43,342	\$2,462
Jury Commission:			
Salaries & Employee Benefits	\$323	\$192	\$131
Operating Expenses	700	600	100
Total	\$1,023	\$792	\$231
Register of Deeds:			
Salaries & Employee Benefits	\$73,971	\$73,735	\$236
Operating Expenses	54,923	51,590	3,333
Capital	5,598	5,598	
Total	\$134,492	\$130,923	\$3,569
Public Buildings:			
Salaries & Employee Benefits	\$85,619	\$80,223	\$5,396
Operating Expenses	121,404	111,716	9,688
Building Improvement	25,000	19,982	5,018
Total	\$232,023	\$211,921	\$20,102
Court Facilities:			
Operating Expenses	\$19,000	\$20,199	(\$1,199)

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Administration:			
Salaries & Employee Benefits	\$118,835	\$118,124	\$711
Operating Expenses	13,610	10,969	2,641
Total	\$132,445	\$129,093	\$3,352
Computer:			
Salaries & Employee Benefits	\$113		\$113
Operating Expenses	71,173	\$62,452	8,721
Total	\$71,286	\$62,452	\$8,834
TOTAL GENERAL GOVERNMENT	\$1,362,787	\$1,285,955	\$76,832
Public Safety:			
Sheriff Department:			
Salaries & Employee Benefits	\$472,087	\$471,288	\$799
Operating Expenses	112,683	112,387	296
Total	\$584,770	\$583,675	\$1,095
County Jail:			
Salaries & Employee Benefits	\$31,771	\$31,723	\$48
Operating Expenses	109,055	106,066	2,989
Total	\$140,826	\$137,789	\$3,037
Inspections:			
Salaries & Employee Benefits	\$83,299	\$82,265	\$1,034
Operating Expenses	28,373	24,306	4,067
Total	\$111,672	\$106,571	\$5,101
Correction/Rehab Center:			
Operating Expenses	\$47,368	\$38,234	\$9,134
Total			
Emergency Services:			
Salaries & Employee Benefits	\$206,543	\$204,360	\$2,183
Operating Expenses	194,294	187,774	6,520
Aid to Local Fire Department	43,800	43,800	
Aid to Local Rescue Squads	36,000	36,000	
Capital - Fire and Rescue	95,360	95,360	
Total	\$575,997	\$567,294	\$8,703

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Communication System:			
Operating Expenses	\$11,550	\$10,390	\$1,160
Terrorism/Homeland Security:			
Operating Expense	\$52,022	\$41,943	\$10,079
Medical Examiner:			
Professional Services	\$10,000	\$6,775	\$3,225
Rabies Control:			
Salaries & Employee Benefits	\$27,170	\$26,907	\$263
Operating Expenses	4,102	3,487	615
Total	\$31,272	\$30,394	\$878
TOTAL PUBLIC SAFETY	\$1,565,477	\$1,523,065	\$42,412
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$142,201	\$141,035	\$1,166
Operating Expenses	52,275	49,638	2,637
Contracted Services	140,765	113,106	27,659
	\$335,241	\$303,779	\$31,462
State Forest Protection	\$63,766	\$54,372	\$9,394
Soil Conservation:			
Salaries & Employee Benefits	\$73,727	\$73,527	\$200
Operating Expenses	5,405	3,495	1,910
Total	\$79,132	\$77,022	\$2,110
TOTAL ENVIRONMENTAL PROTECTION	\$478,139	\$435,173	\$42,966
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$106,741	\$93,741	\$13,000
Operating Expenses	37,165	31,430	5,735
Capital	10,200	8,667	1,533
Total	\$154,106	\$133,838	\$20,268
Economic Development:			
Salaries & Employee Benefits	\$6,362	\$5,556	\$806
Operating Expenses	59,763	54,582	5,181
Total	\$66,125	\$60,138	\$5,987

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Neuse River Council of Governments:			
Allocation & Expenses	\$2,937	\$2,437	\$500
Commissions, Copmittees & Councils Planning:			
Operating Expenses	\$2,600	\$1,226	\$1,374
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$225,768	\$197,639	\$28,129
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$117,728	\$98,633	\$19,095
Operating Expenses	150,571	144,283	6,288
Total	\$268,299	\$242,916	\$25,383
Tuberculosis:			
Salaries and Employee Benefits	\$3,981	\$3,748	\$233
Operating Expenses	1,608	750	858
Total	\$5,589	\$4,498	\$1,091
Craven Evaluation:			
Operating Expenses	\$600	\$600	\$0
Bioterrorism			
Salaries and Employee Benefits	\$18,509	\$17,434	\$1,075
Operating Expenses	53,611	52,622	989
Total	\$72,120	\$70,056	\$2,064
Aids	\$500	\$123	\$377
Communicable Disease:			
Salaries & Employee Benefits	\$9,991	\$9,973	\$18
Operating Expenses	1,025	984	41
Total	\$11,016	\$10,957	\$59
HIV/STD:			
Salaries & Employee Benefits	\$31,765	\$30,121	\$1,644
Operating Expenses	3,235	3,059	176
Total	\$35,000	\$33,180	\$1,820

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$13,284	\$13,171	\$113
Operating Expenses	16,660	13,142	3,518
Total	\$29,944	\$26,313	\$3,631
Environmental Health:			
Salaries & Employee Benefits	\$15,420	\$15,363	\$57
Operating Expenses	6,414	4,929	1,485
Total	\$21,834	\$20,292	\$1,542
Food & Lodging:			
Operating Expenses	\$840	\$839	\$1
Cancer Prevention:			
Salaries & Employee Benefits	\$2,658	\$2,650	\$8
Operating Expenses	4,542	3,686	856
Total	\$7,200	\$6,336	\$864
Immunization Action Plan:			
Salaries & Employee Benefits	\$5,528	\$5,307	\$221
Operating Expenses	2,990	2,852	138
Total	\$8,518	\$8,159	\$359
Maternal & Child Health:			
Salaries & Employee Benefits	\$159,129	\$103,109	\$56,020
Operating Expenses	41,059	32,548	8,511
Total	\$200,188	\$135,657	\$64,531
Women, Infants & Children			
Supplement Food:			
Salaries & Employee Benefits	\$42,857	\$42,612	\$245
Operating Expenses	10,582	6,284	4,298
Total	\$53,439	\$48,896	\$4,543
School Health Education:			
Salaries & Employee Benefits	\$39,503	\$39,384	\$119
Operating Expenses	3,625	3,625	
Total	\$43,128	\$43,009	\$119
School Health Nurse:			
Salaries & Employee Benefits	\$61,624	\$55,334	\$6,290
Operating Expenses	6,191	5,432	759
Total	\$67,815	\$60,766	\$7,049
Health Promotions:			
Salaries & Employee Benefits	\$23,659	\$1,253	\$22,406
Operating Expenses	2,374	231	2,143
Total	\$26,033	\$1,484	\$24,549

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Migrant Outreach:			
Salaries & Employee Benefits	\$34,977	\$29,462	\$5,515
Operating Expenses	15,031	5,396	9,635
Total	\$50,008	\$34,858	\$15,150
Child Services - Coordinator:			
Salaries & Employee Benefits	\$16,891	\$617	\$16,274
Operating Expenses	2,986	2	2,984
Total	\$19,877	\$619	\$19,258
Family Based Counseling:			
Salaries & Employee Benefits	\$30,397	\$30,395	\$2
Operating Expenses	23,497	21,993	1,504
Total	\$53,894	\$52,388	\$1,506
Wellness:			
Salaries & Employee Benefits	\$47,154	\$46,107	\$1,047
Operating Expenses	110,114	89,993	20,121
Total	\$157,268	\$136,100	\$21,168
Maternity Care Coordination:			
Salaries & Employee Benefits	\$18,045	\$659	\$17,386
Operating Expenses	1,626		1,626
Total	\$19,671	\$659	\$19,012
Mosquito Control:			
Salaries & Employee Benefits	\$987		\$987
Operating Expenses	4,013	\$275	3,738
Total	\$5,000	\$275	\$4,725
Medicare D - Outreach:			
Salaries & Employee Benefits	\$8,656	\$8,655	\$1
Operating Expenses	1,344	1,344	
Total	\$10,000	\$9,999	\$1
Total Health	\$1,167,781	\$948,979	\$218,802
Mental Health:			
Administration:			
Regional Allocation	\$27,670	\$27,670	
Bottle Tax	4,000	3,863	\$137
Total	\$31,670	\$31,533	\$137

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,004,605	\$968,529	\$36,076
Operating Expenses	433,460	409,266	24,194
Total	\$1,438,065	\$1,377,795	\$60,270
AFDC Program:			
Extra Items	\$4,000	\$2,312	\$1,688
Foster Care	40,000	13,687	26,313
Total	\$44,000	\$15,999	\$28,001
Medicaid Program:			
County Participation Only	\$740,000	\$710,179	\$29,821
Foster Care	\$25,000	\$15,760	\$9,240
General Assistance	\$1,959	\$821	\$1,138
Aid to Blind	\$6,289	\$1,360	\$4,929
Day Care - County Participation	\$631,590	\$614,453	\$17,137
Food Stamp - EBT	\$7,410	\$7,019	\$391
Title III - Homemaker:			
Salaries & Employee Benefits	\$35,776	\$35,368	\$408
Operating Expenses	2,094	1,955	139
Total	\$37,870	\$37,323	\$547
Work First Jobs Program	\$45,000	\$21,365	\$23,635
Work First Family Assistance	\$1,000	\$0	\$1,000

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Supplemental Assistance	\$144,480	\$117,356	\$27,124
Medicaid Transportation Dialysis	\$160,000	\$137,638	\$22,362
Crisis Intervention	\$11,802	\$7,412	\$4,390
Adoption Assistance	\$4,384	\$3,080	\$1,304
Energy Assistance - CP&L	\$1,862	\$504	\$1,358
Adult & Youth Services	\$32,945	\$32,887	\$58
Long-Term Care Screening	\$11,000	\$10,801	\$199
Domestic Violence	\$6,706	\$1,483	\$5,223
Child Protective Service	\$100		\$100
<i>Total Social Services</i>	\$3,351,462	\$3,113,235	\$238,227
Veterans Service Officer:			
Salaries & Employee Benefits	\$19,514	\$19,495	\$19
Operating Expenses	7,000	4,678	2,322
Total Veterans Service Officer	\$26,514	\$24,173	\$2,341
Rural Transportation	\$41,865	\$40,433	\$1,432

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$17,351	\$17,238	\$113
Title V	89,909	83,166	6,743
Transportation	30,891	29,598	1,293
SR Services Outreach	7,160	6,675	485
Total Tri-County Senior Citizens	\$145,311	\$136,677	\$8,634
TOTAL HUMAN SERVICES	\$4,764,603	\$4,295,030	\$469,573
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$26,190	\$26,082	\$108
Operating Expenses	20,950	16,373	4,577
Total	\$47,140	\$42,455	\$4,685
Civic Center:			
Salaries & Employee Benefits	\$2,658	\$2,624	\$34
Operating Expenses	26,376	26,097	279
Total	\$29,034	\$28,721	\$313
Interagency Council:			
Operating Expenses	\$4,512	\$3,152	\$1,360
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$101,528	\$101,528	\$0
TOTAL CULTURAL AND RECREATIONAL	\$183,989	\$177,631	\$6,358
Education:			
Public Schools:			
Current Expense	\$891,797	\$891,797	
Forest Receipts	39,513	39,513	
Capital Outlay	445,300	347,278	\$98,022
Total	\$1,376,610	\$1,278,588	\$98,022

**JONES COUNTY, NORTH CAROLINA
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
Community College:			
Salaries & Employee Benefits	\$11,880	\$8,866	\$3,014
Operating Expenses	46,587	46,576	11
Capital	50,000	50,000	
Total	\$108,467	\$105,442	\$3,025
TOTAL EDUCATION	\$1,485,077	\$1,384,030	\$101,047
Debt Service:			
Principal Retirement	\$96,288	\$51,005	\$45,283
Interest	66,280	66,280	
	\$162,568	\$117,285	\$45,283
Miscellaneous - County	\$41,090	\$32,853	\$8,237
TOTAL EXPENDITURES	\$10,269,498	\$9,448,661	\$820,837
Revenues Over (Under) Expenditures	(\$729,554)	\$572,324	\$1,301,878
OTHER FINANCING SOURCES (USES):			
<i>Transfers (to) from Other Funds:</i>			
Enterprise Fund	\$35,000	\$45,000	\$10,000
Special Revenue Fund	(34,715)	(34,715)	
Capital Projects Fund	(455,000)	(414,362)	40,638
Total	(\$454,715)	(\$404,077)	\$50,638
Appropriated Fund Balance	\$1,184,269		(\$1,184,269)
Total Other Financing Sources (Uses)	\$729,554	(\$404,077)	(\$1,133,631)
NET CHANGE IN FUND BALANCE	\$0	\$168,247	\$168,247
FUND BALANCES:			
Beginning of Year, July 1		5,969,210	
End of Year, June 30		\$6,137,457	

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.
- *2004 CDBG Scattered Site Fund* – This fund accounts for the receipt of federal grant funds to be used for replacing and repairing homes.
- *Emergency Watershed Fund* – This fund accounts for the receipt of State funds used to clear local streams of debris.

Capital Projects Funds

- *Civic Center Capital Projects Fund* – The County uses this fund to account for the construction /improvement of the Civic Center.
- *Industrial Park Infrastructure Capital Projects Fund* – The County uses this fund to account for the construction of the Industrial Park.
- *Rural Center Clean Water Bond Construction Fund* – The County uses this fund to account for the construction/improvement of sewer lines for the Town of Trenton.
- *Qualified Zone Academy Bond Fund* – The County uses this fund to account for the receipt and disbursement of QZAB funds benefiting the school system.
- *County Complex Capital Project Reserve* – The County uses this fund to account for capital outlay for the construction of the County Complex.
- *County Complex Capital Projects Fund* – The County uses this fund to account for the construction of the County Complex.
- *Courthouse Renovations Capital Projects Fund* – The County uses this fund to account for the construction/improvement of the courthouse.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds				Total Non-major Special Revenue Funds
	Property Revaluation Fund	Emergency Telephone System Fund	2004 CDBG Scattered Site Fund	Emergency Watershed Fund	
<u>ASSETS</u>					
Cash and Investments	\$5,149	\$115,352			\$120,501
Accounts Receivable		8,544			8,544
Due From Other Governments		5,519	\$320	\$6,159	11,998
TOTAL ASSETS	\$5,149	\$129,415	\$320	\$6,159	\$141,043
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$4,000	\$639		\$5,367	\$10,006
Due to General Fund			\$320	792	1,112
Deferred Revenue					
Total Liabilities	\$4,000	\$639	\$320	\$6,159	\$11,118
Fund Balances:					
Reserved by State Statute Designated for Subsequent Year's Expenditure		\$8,544			\$8,544
	\$1,149	120,232			121,381
Total Fund Balances	\$1,149	\$128,776	\$0	\$0	\$129,925
TOTAL LIABILITIES AND FUND BALANCES	\$5,149	\$129,415	\$320	\$6,159	\$141,043

Capital Projects Funds			Total	
Civic Center Capital Projects Fund	Rural Center Clean Water Bond Construction Fund	Courthouse Renovations Capital Projects Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
\$6,557	\$78,853	\$600,000	\$685,410	\$805,911
				8,544
				11,998
\$6,557	\$78,853	\$600,000	\$685,410	\$826,453
		\$12,265	\$12,265	\$22,271
	\$61,437		61,437	1,112
				61,437
\$0	\$61,437	\$12,265	\$73,702	\$84,820
				\$8,544
\$6,557	\$17,416	\$587,735	\$611,708	733,089
\$6,557	\$17,416	\$587,735	\$611,708	\$741,633
\$6,557	\$78,853	\$600,000	\$685,410	\$826,453

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2006

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Property Revaluation Fund	Emergency Telephone System Fund	2004 CDBG Scattered Sites Fund	Emergency Watershed Fund	
REVENUES:					
Other Taxes and Licenses		\$102,858			\$102,858
Restricted Intergovernmental		79,424	\$147,707	\$13,068	240,199
Investment Earnings	\$62	1,261			1,323
Miscellaneous					
Total Revenues	\$62	\$183,543	\$147,707	\$13,068	\$344,380
EXPENDITURES:					
General Government	\$95,200				\$95,200
Public Safety		\$175,131			175,131
Economic & Physical Development			\$147,707	\$13,068	160,775
Cultural and Recreational					
Education					
Total Expenditures	\$95,200	\$175,131	\$147,707	\$13,068	\$431,106
Revenues Over (Under) Expenditures	(\$95,138)	\$8,412	\$0	\$0	(\$86,726)
OTHER FINANCING SOURCES (USES):					
Transfers From (To) Other Funds	\$34,715				\$34,715
Total Other Financing Sources (Uses)	\$34,715	\$0	\$0	\$0	\$34,715
Net Change in Fund Balances	(\$60,423)	\$8,412	\$0	\$0	(\$52,011)
FUND BALANCES:					
Beginning of Year, July 1	61,572	120,364			181,936
End of Year, June 30	\$1,149	\$128,776	\$0	\$0	\$129,925

Capital Projects Funds							Total	Total
Civic Center Capital Projects Fund	Industrial Park Infrastructure Capital Projects Fund	Rural Center Clean Water Bond Construction Fund	Qualified Zone Academy Bond Fund	County Complex Capital Project Reserve Fund	County Complex Capital Projects Fund	Courthouse Renovations Capital Projects Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
								\$102,858
	\$4,850						\$4,850	245,049
\$69				\$1,950			2,019	3,342
6,000							6,000	6,000
\$6,069	\$4,850	\$0	\$0	\$1,950	\$0	\$0	\$12,869	\$357,249
					\$308,580	\$12,265	\$320,845	\$416,045
	\$4,015						4,015	175,131
\$6,420							6,420	164,790
			\$278,893				278,893	6,420
\$6,420	\$4,015	\$0	\$278,893	\$0	\$308,580	\$12,265	\$610,173	\$1,041,279
(\$351)	\$835	\$0	(\$278,893)	\$1,950	(\$308,580)	(\$12,265)	(\$597,304)	(\$684,030)
	(\$36,648)			(\$202,072)	\$53,083	\$600,000	\$414,363	\$449,078
\$0	(\$36,648)	\$0	\$0	(\$202,072)	\$53,083	\$600,000	\$414,363	\$449,078
(\$351)	(\$35,813)	\$0	(\$278,893)	(\$200,122)	(\$255,497)	\$587,735	(\$182,941)	(\$234,952)
6,908	35,813	17,416	278,893	200,122	255,497		794,649	976,585
\$6,557	\$0	\$17,416	\$0	\$0	\$0	\$587,735	\$611,708	\$741,633

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, 2006

	Annual Budget	2006 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Investment Earnings	\$25	\$62	\$37
Total Revenues	\$25	\$62	\$37
EXPENDITURES:			
<i>General Government:</i>			
Contract Revaluation	\$95,200	\$95,200	
Total Expenditures	\$95,200	\$95,200	\$0
Revenues Over (Under) Expenditures	(\$95,175)	(\$95,138)	\$37
OTHER FINANCING SOURCES			
Operating Transfer In	\$32,000	\$34,715	
Appropriated Fund Balance	63,175		(\$63,175)
Total Other Financing Sources	\$95,175	\$34,715	(\$63,175)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	(\$60,423)	(\$60,423)
FUND BALANCE:			
Beginning of Year, July 1		61,572	
End of Year, June 30		\$1,149	

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, 2006

	Annual Budget	2006 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other Taxes and Licenses:			
911 System Subscriber Fees	\$94,131	\$102,858	\$8,727
Restricted Intergovernmental:			
Wireless 911 Funds	64,865	79,424	14,559
Investment Earnings	50	1,261	1,211
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$159,046	\$183,543	\$24,497
EXPENDITURES:			
<i>Public Safety:</i>			
911	\$83,113	\$80,743	\$2,370
Wireless	96,955	94,388	2,567
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$180,068	\$175,131	\$4,937
Revenues Over (Under) Expenditures	(\$21,022)	\$8,412	\$29,434
Appropriated Fund Balance	<u>21,022</u>	<u> </u>	<u>(21,022)</u>
Revenues and Appropriated Fund Balance Over (Under) Expenditures	<u><u>\$0</u></u>	<u><u>\$8,412</u></u>	<u><u>\$8,412</u></u>
FUND BALANCE:			
<i>Beginning of Year, July 1:</i>			
E-911		\$44,954	
Wireless		75,410	
Beginning of Year Totals		<u><u>\$120,364</u></u>	
<i>End of Year, June 30:</i>			
E-911		\$67,762	
Wireless		61,014	
End of Year Totals		<u><u>\$128,776</u></u>	

JONES COUNTY, NORTH CAROLINA

2004 CDBG SCATTERED SITE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2004 Community Development Block Grant	\$487,500	\$400,000	\$320	\$400,320	(\$87,180)
2004 Neighborhood Revitalization	700,000	214,423	147,387	361,810	(338,190)
Total Revenues	\$1,187,500	\$614,423	\$147,707	\$762,130	(\$425,370)
EXPENDITURES:					
<i>Current:</i>					
2004 Community Development Block Grant					
Clearance	\$58,580	\$44,830		\$44,830	\$13,750
Administration	33,475	24,725		24,725	8,750
Relocation	395,445	330,445	\$320	330,765	64,680
	\$487,500	\$400,000	\$320	\$400,320	\$87,180
2004 Neighborhood Revitalization					
C-1 Acquisition	\$50,000	\$3,550	\$11,775	\$15,325	\$34,675
C-1 Water Improvement	4,800				4,800
Clearance	50,000	8,099	18,810	26,909	23,091
Rehabilitation	22,000	3,500		3,500	18,500
Administration	59,000	19,652	16,753	36,405	22,595
C-1 Street Improvement	22,000		1,750	1,750	20,250
Relocation	380,200	74,622	98,299	172,921	207,279
C-1 Flood Drainage Improvement	7,000				7,000
L-1 Clearance	4,181	4,181		4,181	
L-1 Relocation	100,337	100,337		100,337	
L-1 Administration	482	482		482	
	\$700,000	\$214,423	\$147,387	\$361,810	\$338,190
Total Expenditures	\$1,187,500	\$614,423	\$147,707	\$762,130	\$425,370
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30				\$0	

JONES COUNTY, NORTH CAROLINA
EMERGENCY WATERSHED FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2006

	Annual Budget	2006 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
NCDENR - White Oak River Project	\$13,950	\$13,068	(\$13,950)
Total Revenues	\$13,950	\$13,068	(\$13,950)
EXPENDITURES:			
<i>Economic and Physical Development:</i>			
White Oak River Tree Removal	\$13,950	\$13,068	\$882
Total Expenditures	\$13,950	\$13,068	\$882
Revenues Over (Under) Expenditures	\$0	\$0	\$0
FUND BALANCE:			
Beginning of Year, July 1			
End of Year, June 30		\$0	

JONES COUNTY, NORTH CAROLINA
CIVIC CENTER CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET & ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
REVENUES:					
Restricted Revenue:					
Legislative Grant	\$150,000	\$150,000		\$150,000	
Donations	109,000	117,105	\$6,000	123,105	\$14,105
Interest on Investments		2,736	69	2,805	2,805
TOTAL REVENUES	\$259,000	\$269,841	\$6,069	\$275,910	\$16,910
EXPENDITURES:					
Cultural and Recreational	\$259,000	\$262,933	\$6,420	\$269,353	(\$10,353)
REVENUES OVER (UNDER) EXPENDITURES	\$0	\$6,908	(\$351)	\$6,557	\$6,557
FUND BALANCES:					
Beginning of Year, July 1			6,908		
End of Year, June 30			\$6,557		

JONES COUNTY, NORTH CAROLINA
INDUSTRIAL PARK INFRASTRUCTURE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
<i>Restricted Revenues:</i>					
Rural Center Grant	\$137,000	\$132,150	\$4,850	\$137,000	
Global TransPark Grant	50,000	55,000		55,000	\$5,000
NC Department of Transportation	44,975	44,975		44,975	
Total Revenues	\$231,975	\$232,125	\$4,850	\$236,975	\$5,000
EXPENDITURES:					
<i>Economic and Physical Development:</i>					
Access Road	\$44,975	\$44,975		\$44,975	
Administration	3,000		\$2,632	2,632	\$368
Contingency	10,660				10,660
Engineering	23,700	19,037	1,383	20,420	3,280
Land	105,000				105,000
Sewer Improvements	145,376	153,141		153,141	(7,765)
Water Improvements	26,489	18,007		18,007	8,482
Survey	1,500				1,500
Utilities	275				275
Total Expenditures	\$360,975	\$235,160	\$4,015	\$239,175	\$121,800
Revenues Over (Under) Expenditures	(\$129,000)	(\$3,035)	\$835	(\$2,200)	\$126,800
OTHER FINANCING SOURCES (USES):					
<i>Transfer (To) From:</i>					
General Fund (Local Match)	\$129,000	\$38,848	(\$36,648)	\$2,200	(\$126,800)
Total Other Financing Sources (Uses)	\$129,000	\$38,848	(\$36,648)	\$2,200	(\$126,800)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	\$0	\$35,813	(\$35,813)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			35,813		
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA

RURAL CENTER CLEAN WATER BOND CONSTRUCTION FUND

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

From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
<i>Restricted Revenue:</i>					
Grants	\$259,070	\$246,751		\$246,751	(\$12,319)
TOTAL REVENUES	\$259,070	\$246,751	\$0	\$246,751	(\$12,319)
EXPENDITURES:					
Economic and Physical Development	\$281,070	\$251,335		\$251,335	\$29,735
TOTAL EXPENDITURES	\$281,070	\$251,335	\$0	\$251,335	\$29,735
REVENUES OVER (UNDER) EXPENDITURES	(\$22,000)	(\$4,584)	\$0	(\$4,584)	\$17,416
OTHER FINANCING SOURCES:					
<i>Transfer From:</i>					
General Fund (Local Match)	22,000	22,000		22,000	
REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$0	\$17,416	\$0	\$17,416	\$17,416
FUND BALANCES:					
Beginning of Year, July 1			17,416		
End of Year, June 30			\$17,416		

JONES COUNTY, NORTH CAROLINA
QUALIFIED ZONE ACADEMY BOND FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
<i>Restricted Revenue:</i>	\$0	\$0	\$0	\$0	\$0
EXPENDITURES:					
<i>Education:</i>					
Maysville Renovation	\$416,935	\$210,181	\$206,754	\$416,935	
Pollocksville Renovation	417,722	345,583	\$72,139	417,722	
TOTAL EXPENDITURES	\$834,657	\$555,764	\$278,893	\$834,657	\$0
REVENUES OVER (UNDER) EXPENDITURES	(\$834,657)	(\$555,764)	(\$278,893)	(\$834,657)	\$0
OTHER FINANCING SOURCES:					
<i>QZAB Proceeds:</i>					
Maysville QZAB	\$416,935	\$416,935		\$416,935	
Pollocksville QZAB	417,722	417,722		417,722	
TOTAL OTHER FINANCING SOURCES	\$834,657	\$834,657	\$0	\$834,657	\$0
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$0	\$278,893	(\$278,893)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			278,893		
<i>End of Year, June 30</i>			\$0		

JONES COUNTY, NORTH CAROLINA
COUNTY COMPLEX CAPITAL PROJECTS RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
Interest on Investments		\$122	\$1,950	\$2,072	\$2,072
TOTAL REVENUES	\$0	\$122	\$1,950	\$2,072	\$2,072
EXPENDITURES:					
General Government	\$200,000	\$0	\$0	\$0	\$200,000
REVENUES OVER (UNDER) EXPENDITURES	(\$200,000)	\$122	\$1,950	\$2,072	\$202,072
Other Financing Sources (Uses):					
<i>Transfer (To) From:</i>					
General Fund (Local Match)	\$200,000	\$200,000		\$200,000	
General Fund			(\$727)	(727)	(\$727)
County Complex Capital Projects Fund			(56,345)	(56,345)	(56,345)
Courthouse Renovations Capital Projects Fund			(145,000)	(145,000)	(145,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$200,000	\$200,000	(\$202,072)	(\$2,072)	(\$202,072)
REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES	\$0	\$200,122	(\$200,122)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			200,122		
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
COUNTY COMPLEX CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Prior Year	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
REVENUES:					
<i>Restricted Revenue:</i>					
USDA Grant	\$700,000	\$700,000		\$700,000	
Interest on Investments	15,881	15,881		15,881	
	\$715,881	\$715,881	\$0	\$715,881	\$0
EXPENDITURES:					
<i>General Government:</i>					
Engineering	\$10,219	\$25,789		\$25,789	(\$15,570)
Administration	556	677		677	(121)
Architect	186,446	162,134	\$24,312	186,446	
Building & Finishes	59,068		59,068	59,068	
Electrical	860	860		860	
Wiring	15,550	8,548	7,002	15,550	
Paving	53,797		53,797	53,797	
Land	88,163	88,163		88,163	
Legal	3,748	3,748		3,748	
Survey	2,161	2,161		2,161	
Geotechnical	4,550	4,550		4,550	
Permits	350	350		350	
Construction	2,174,694	2,007,031	164,401	2,171,432	3,262
Interest	56,380	56,380		56,380	
Loan Closing Costs	3,739	3,739		3,739	
TOTAL EXPENDITURES	\$2,660,281	\$2,364,130	\$308,580	\$2,672,710	(\$12,429)
REVENUES OVER (UNDER) EXPENDITURE	(\$1,944,400)	(\$1,648,249)	(\$308,580)	(\$1,956,829)	(\$12,429)
OTHER FINANCING SOURCES (USES):					
<i>Transfer (To) From:</i>					
General Fund (Local Match)	\$388,055	\$403,746	(\$3,262)	\$400,484	\$12,429
Capital Project Fund	56,345		56,345	56,345	
Installment Purchase Obligation Issued	1,500,000	1,500,000		1,500,000	
TOTAL OTHER FINANCING SOURCES	\$1,944,400	\$1,903,746	\$53,083	\$1,956,829	\$12,429
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$0	\$255,497	(\$255,497)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			255,497		
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
COURTHOUSE RENOVATIONS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Year	Current Year		
REVENUES:					
<i>Restricted Revenue:</i>	\$0	\$0	\$0	\$0	\$0
EXPENDITURES:					
<i>General Government:</i>					
Architectural Services	\$50,700		\$12,265	\$12,265	\$38,435
Contract Services	519,300				519,300
Contingency	30,000				30,000
TOTAL EXPENDITURES	\$600,000	\$0	\$12,265	\$12,265	\$587,735
REVENUES OVER (UNDER) EXPENDITURES	(\$600,000)	\$0	(\$12,265)	(\$12,265)	\$587,735
OTHER FINANCING SOURCES:					
<i>Transfer From:</i>					
General Fund	\$455,000		\$455,000	\$455,000	
County Complex Capital Project Reserve Fund	145,000		145,000	145,000	
TOTAL OTHER FINANCING SOURCES	\$600,000	\$0	\$600,000	\$600,000	\$0
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$0	\$0	\$587,735	\$587,735	\$587,735
FUND BALANCES:					
Beginning of Year, July 1					
End of Year, June 30			\$587,735		

ENTERPRISE FUND

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

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2006

	2006		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$726,927	\$717,539	(\$9,388)
Water Tap Fees	10,000	17,100	7100
Reconnect Fees	14,305	15,975	1,670
Other Operating Revenues	1,600	4,155	2,555
Total Operating Revenues	\$752,832	\$754,769	\$1,937
NONOPERATING REVENUES:			
Interest Earned on Investment	\$13,100	\$18,796	\$5,696
Total Nonoperating Revenues	\$13,100	\$18,796	\$5,696
Total Revenues	\$765,932	\$773,565	\$7,633
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$91,220	\$82,082	\$9,138
Professional Services	5,885	4,885	1,000
Insurance	51,330	51,120	210
Postage	11,315	11,314	1
Supplies	1,000	867	133
Printing	5,000	4,872	128
Telephone	3,600	1,272	2,328
Other Operating Expenses	29,458	22,624	6,834
Total	\$198,808	\$179,036	\$19,772
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$156,263	\$156,235	\$28
Electric Power	69,000	68,779	221
Vehicles Operation & Maintenance	25,563	26,390	(827)
Supplies & Materials	9,882	7,151	2,731
Sample Analysis	10,000	8,906	1,094
Other Operating Expenses	87,630	56,890	30,740
Maintenance & Replacement	96,039	69,187	26,852
Total	\$454,377	\$393,538	\$60,839
Total Operating Expenses	\$653,185	\$572,574	\$80,611

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2006

	2006		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$92,158	\$92,158	\$0
Total Expenditures	\$745,343	\$664,732	\$80,611
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$20,589	\$108,833	\$88,244
OTHER FINANCING SOURCES (USES):			
Appropriated Fund Balance	\$74,411		(\$74,411)
Transfer to General Fund	(45,000)	(45,000)	
Transfer to Water Capital Reserve	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	(\$20,589)	(\$95,000)	(\$74,411)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$0	\$13,833	\$13,833
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		\$13,833	
Reconciling Items:			
Capital Outlay		\$92,158	
Vacation Accrual		(3,225)	
Depreciation		(217,020)	
Transfer to Water Capital Reserve		50,000	
Interest Earned on Water Capital Reserve		2,456	
Total Reconciling Items		(\$75,631)	
Change in Net Assets		(\$61,798)	

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, 2006

	Budget	2006 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earned on Investments		\$2,456	\$2,456
EXPENDITURES:			
		\$0	\$0
REVENUES OVER (UNDER) EXPENDITURES	\$0	\$2,456	\$2,456
OTHER FINANCING SOURCES:			
Transfer from Water Fund		\$50,000	\$50,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$0	\$52,456	\$52,456
FUND BALANCES:			
Beginning of Year, July 1		250,505	
End of Year, June 30		\$302,961	

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 monies collected and disbursed by the Cooperative Extension office.

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Social Services Fund:				
Assets, Cash and Investments	\$19,133	\$52,957	\$51,304	\$20,786
Liabilities, Accounts Payable	\$19,133	\$52,957	\$51,304	\$20,786
Fines and Forfeitures Fund:				
Assets, Cash and Investments		\$91,729	\$91,729	
Accounts Receivable	\$5,343	11,431	5,343	\$11,431
Total	\$5,343	\$103,160	\$97,072	\$11,431
Intergovernmental Payable - Jones County Board of Education	\$5,343	\$103,160	\$97,072	\$11,431
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$5,724	\$228,318	\$226,934	\$7,108
Liabilities, Intergovernmental Payables	\$5,724	\$228,318	\$226,934	\$7,108
Agricultural Extension Fund:				
Assets, Cash and Investments	\$24,235	\$13,164	\$10,659	\$26,740
Liabilities, Intergovernmental Payables	\$24,235	\$13,164	\$10,659	\$26,740
Totals - All Agency Funds:				
Assets, Cash	\$49,092	\$386,168	\$380,626	\$54,634
Accounts Receivable	5,343	11,431	5,343	11,431
	\$54,435	\$397,599	\$385,969	\$66,065
<i>Liabilities and Payables</i>	\$54,435	\$397,599	\$385,969	\$66,065

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, 2006

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2005	Additions	Collections and Credits	Uncollected Balance June 30, 2006
2005-06		\$4,169,612	\$3,889,802	\$279,810
2004-05	\$243,753		194,675	49,078
2003-04	51,351		22,823	28,528
2002-03	35,893		10,537	25,356
2001-02	28,103		6,636	21,467
2000-01	25,709		4,869	20,840
1999-00	19,370		2,483	16,887
1998-99	13,517		1,204	12,313
1997-98	12,670		2,095	10,575
1996-97	7,052		581	6,471
1995-96	8,085		753	7,332
1994-95	6,047		6,047	
	\$451,550	\$4,169,612	\$4,142,505	\$478,657
Less: Allowance for Uncollectible Ad Valorem Taxes				(16,500)
Plus: Uncollected 2005-2006 Ad Valorem Taxes Receivable Vehicles				67,539
Ad Valorem Taxes Receivable - Net				\$529,696
Reconciliation with Revenue:				
Taxes - Ad Valorem - General Fund				\$4,164,536
<i>Reconciling Items:</i>				
Discounts Allowed				\$13,762
Taxes Written Off				6,047
Penalties and Interest Collected				(48,893)
Prior Year Releases				7,053
Total Reconciling Items				(\$22,031)
Total Collections and Credits				\$4,142,505

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2006

	County-Wide		Total Levy		
	Property	Rate	Amount of	Property	Registered
	Valuation		Levy	Excluding	Motor Vehicles
	Property		Levy	Registered	Registered
	Valuation	Rate	Levy	Motor Vehicles	Motor Vehicles
Original Levy:					
Property and Motor Vehicles Taxed at Current Year's Rate	\$499,871,149	0.79	\$3,945,331	\$3,510,414	\$434,917
Property and Motor Vehicles Taxed at Prior Year's Rate	24,967,023	0.77	189,831		189,831
Total Original Levy	\$524,838,172		\$4,135,162	\$3,510,414	\$624,748
Discoveries:					
Current Year Taxes	\$1,846,681		\$54,482	\$54,482	
Abatements	(\$2,535,735)		(\$20,032)	(\$8,787)	(\$11,245)
Total Property Valuation	\$524,149,118				
Net Levy			\$4,169,612	\$3,556,109	\$613,503
Uncollected Taxes at June 30, 2006			279,810	166,562	113,248
Current Year's Taxes Collected			\$3,889,802	\$3,389,547	\$500,255
Current Levy Collection Percentage			93.29%	95.32%	81.54%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2006

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Jones Onslow EMC	Utility	\$13,510,592	2.58%
Weyerhaeuser Company	Timber	\$10,410,309	1.99%
Brown's Realty Partnership	Real Estate	\$10,401,189	1.98%
Jones County Cotton Gin	Agricultural	\$6,342,104	1.21%
Carolina Telephone & Telegraph Company	Utility	\$4,708,728	0.90%
Progress Energy	Utility	\$4,011,947	0.77%
Charles Blythe Equipment Company, Inc.	Equipment Sales	\$3,047,347	0.58%
Eastern NC Broadcasting Corporation	Broadcasting	\$2,589,980	0.49%
Brown's Farms LLC	Agricultural	\$2,310,565	0.44%
Nunnelee Properties LLC	Real Estate Rental	\$1,987,109	0.38%

COMPLIANCE SECTION



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

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA
JEFFERY L. HAINES, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

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

To the Board of County Commissioners
Jones County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2006, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated October 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Jones County ABC Board was not audited under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jones County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts caused by error or fraud that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 06-1.

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

October 25, 2006



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

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA
JEFFERY L. HAINES, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**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**

To the Board of County Commissioners
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2006. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

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

In our opinion, Jones County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

October 25, 2006



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

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA
JEFFERY L. HAINES, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**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**

To the Board of County Commissioners
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2006. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

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

In our opinion, Jones County complied in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

October 25, 2006

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2006

I. SUMMARY OF AUDITOR'S RESULTS

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

Federal Awards

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>
	Food Stamp Cluster:
10.551	Food Stamp Program - Noncash
10.561	State Administrative Matching Grants for the Food Stamp Program
	Subsidized Child Care Cluster:
93.575	Child Care and Development Fund-Discretionary
93.596	Child Care and Development Fund-Mandatory and Match
93.558	TANF
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs	<u> </u>	<u> \$351,997 </u>
Auditee qualified as low-risk auditee	<u> </u>	<u> X </u>

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fical Year Ended June 30, 2006

	<u>YES</u>	<u>NO</u>
<u>State Awards</u>		
Internal control over major State programs:		
• Material weakness(es) identified	_____	_____X
• Reportable condition(s) identified that are not considered to be material weaknesses	_____	_____X
Type of auditor's report issued on compliance for major State programs: Unqualified		
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	_____	_____X
Identification of major State programs:		

Program Name

Medical Assistance Program

II. FINANCIAL STATEMENT FINDINGS

FINDING 06-1

IMMATERIAL INSTANCE OF NONCOMPLIANCE

Criteria: In accordance with North Carolina General Statutes 159-8, all monies received or expended by a local government or public authority should be in accordance with an approved budget ordinance.

Condition: Jones County had expenditures in excess of appropriations in one (1) department of the General Fund, one (1) function of the Civic Center Capital Projects Fund, one (1) function of the Industrial Park Infrastructure Capital Projects Fund, and two (2) functions of the County Complex Capital Projects Fund

Effect: Monies were spent that had not been appropriated.

Cause: The County did not adopt all required budget amendments needed to account for expenditures.

Recommendation: The County should closely monitor year end expenditures and adopt budget amendments more timely and as necessary.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with the finding.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2006

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2006

FINANCIAL STATEMENT FINDINGS

FINDING 06-1

Name of Contact Person: Tina Meadows, Finance Officer

Corrective Action: Expenditures will be monitored closely and budget amendments will be adopted as needed.

Proposed Completion: Immediately.

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2006

FINDING 05-1 **(Budget Overexpenditure)**

STATUS: Corrected.

FINDING 05-2 **(Childcare Parent Fees)**

STATUE: Corrected.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS				
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
<u>Food and Nutrition Service:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
<i>Administered by County Dept. of Social Services:</i>				
Food Stamp Program - Noncash	10.551	\$1,226,595		
State Administrative Matching Grants for the Food Stamp Program	10.561	105,999		\$105,999
Total Food Stamp Cluster		\$1,332,594		\$105,999
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
Administration:				
<i>Administered by County Health Department:</i>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$48,896		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	108,823		
		\$157,719		
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$5,512		
Nutrition Program for the Elderly-C2	10.570	5,194		
		\$10,706		
Total U.S. Department of Agriculture		\$1,501,019	\$0	\$105,999
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through NC Department of Commerce:</i>				
Community Development Block Grant				
Small Cities - Scattered Site	14.228	\$320		
Small Cities - Concentrated Need	14.228	147,387		
Total U.S. Department of Housing and Urban Development		\$147,707	\$0	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Division of Emergency Management:				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	83.552	\$12,378		\$25,498
Homeland Security	97.067	41,760		
Hazard Mitigation Grant	83.548	22,284		
Public Assistance Grant	83.544	5,318		
Homeland Security FY 2005 Asst. to Firefighters Grant	97.044	80,449		4,234
Total U.S. Department of Homeland Security		\$162,189	\$0	\$29,732
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Aging Cluster:				
<i>Administered by County Finance Department:</i>				
<i>Special Programs for the Elderly-</i>				
Title III C-Nutritional Services (Congregate)	93.045	\$32,541	\$13,756	\$5,144
Title III C-Nutritional Services (Home Delivered Meals)	93.045	23,493	14,402	4,212
In-Home Aide			33,687	3,745
Operation Fan			153	
Health Promotions	93.043	1,235	73	146
Senior Center General Purpose Funds			5,453	1,818
Senior Center Operations			13,859	1,539
Total Aging Cluster		\$57,269	\$81,383	\$16,604
<u>Office of the Secretary:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$25,718		\$595
Bioterrorism	93.283	70,056		
		\$95,774		\$595
<u>Administration for Children and Families:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$26,311		\$21,728
Work First Service	93.558	86,424		67,015
Work First/TANF-Direct Benefit Payments	93.558	110,219		
		\$222,954		\$88,743
NC Child Support Enforcement Section	93.563	\$101,835		\$52,461

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: continued</u>				
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$2,912		
Crisis Intervention Program	93.568	8,304		
Energy Assistance Payments-Direct Benefit Payments	93.568	25,464		
		\$36,680		
Permanency Planning-Families for Kids	93.645	\$467	\$156	
Adoption Subsidy-Direct Benefit Payments	93.645		1,755	\$1,755
		\$467	\$1,911	\$1,755
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care-Administration	93.658	\$60,732	\$14,257	\$46,475
Foster Care-Direct Benefit Payments	93.658	10,399	2,982	2,982
Adoption Assistance-Direct Benefit Payments	93.659	10,729	3,080	3,080
Total Foster Care and Adoption Cluster		\$81,860	\$20,319	\$52,537
Social Services Block Grant	93.667	\$72,556	\$114,308	\$191,387
Division of Child Development:				
Subsidized Child Care Cluster:				
<i>Administered by County Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	\$249,595		
Child Care and Development Fund-Discretionary	93.575	74,182		
Social Service Block Grant	93.667	4,540		
Child Care and Development Fund-Mandatory	93.596	111,972		
Child Care and Development Fund-Match	93.596	29,935		
State Funding Day Care			\$68,257	
TANF-MOE Daycare			77,266	
Total Subsidized Child Care Cluster		\$470,224	\$145,523	

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	Federal-(Direct CFDA & Pass-Through) Number	Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: continued</u>				
<u>Center for Medicare and Medicaid Services:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Medical Assistance:				
<i>Administered by County Department of Social Services:</i>				
Medicaid Assistance Program	93.778	\$192,217	\$21,379	\$158,839
Medicaid Reimbursement Projects - Transportation	93.778	78,791	25,263	33,584
Direct Benefit Payments:				
Medical Assistance Program	93.778	8,392,533	4,162,298	
		\$8,663,541	\$4,208,940	\$192,423
<u>Health Resources and Services Administration:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Immunization Grants	93.268	\$8,159		
Maternal and Child Health Services Block Grant	93.994	100,079		\$97,622
		\$108,238		\$97,622
Injury Prevention and Control Research and State and Community Based Programs	93.136	\$832		
		\$832		
<u>Centers for Disease Control</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Cooperative Agreements for State Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	\$6,336		
Preventive Health and Health Services Block Grant	93.991		\$15,930	\$220,635
Preventive Health and Health Services Block Grant - Health Promotions	93.991	3,763	4,072	
		\$10,099	\$20,002	\$220,635
Total U.S. Department of Health and Human Services		\$9,922,329	\$4,592,386	\$914,762
TOTAL FEDERAL ASSISTANCE		\$11,733,244	\$4,592,386	\$1,050,493

STATE PROGRAMS

OFFICE OF THE GOVERNOR:

Division of Veteran Affairs:

Administered by County Veterans Services:

Veteran Affairs			\$2,000	\$22,173
-----------------	--	--	---------	----------

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	Federal-(Direct & Pass-Through) CFDA Number	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Division of Youth Services:			
<i>Administered by County Finance Department:</i>			
Juvenile Justice and Delinquency		\$87,427	
Division of Social Services:			
<i>Administered by County Department of Social Services:</i>			
<i>Direct Benefit Payments:</i>			
Supplemental Assistance		\$117,356	
<u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES: continued</u>			
Division of Public Health:			
<i>Administered by County Health Department:</i>			
Aid to Counties		\$12,399	
Environmental Services		20,293	
Food and Lodging		839	
Communicable Disease Prevention		10,956	
Kate B. Reynolds		136,100	
Long-Term Care Screening		10,801	
Carolina Power & Light		504	
Scrap Tire Disposal		17,260	
Aids and HIV/STD		33,302	
Tuberculosis		4,498	
Migrant Outreach		34,858	
School Health Educator		38,009	\$5,000
Medicare D Outreach		10,000	
		\$329,819	\$5,000
Division of Natural Resources:			
<i>Administered by County Department of Soil and Water Conservation:</i>			
Soil and Water Conservation		\$47,582	\$29,439
Total NC Department of Health and Human Services		\$582,184	\$34,439
<u>NC DEPARTMENT OF CORRECTIONS:</u>			
<i>Passed through the Criminal Justice Partnership Program:</i>			
<i>Administered by County Finance Office:</i>			
Correction and Rehab Center		\$38,208	
<u>NC DEPARTMENT OF TRANSPORTATION:</u>			
<i>Administered by County Finance Department:</i>			
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$0
<u>RURAL ECONOMIC DEVELOPMENT:</u>			
<i>Passed Through the Rural Center:</i>			
Industrial Park Infrastructure		\$0	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2006

Grantor/Pass-Through Grantor/Program Title	Federal-(Direct CFDA & Pass-Through) Number	Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF ADMINISTRATION:</u>				
<i>Passed Through the State Board of Elections:</i>				
2005 Public Workstation Grant			\$1,323	
Voting Machines			10,408	
Technology Grant			7,200	
		\$0	\$18,931	\$0
<u>NC DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES:</u>				
White Oak River Project			\$13,068	\$0
		\$0		
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant			\$1,000	\$0
		\$0		
<u>NC TOBACCO TRUST FUND COMMISSION:</u>				
RAFI Grant			\$6,160	\$0
		\$0		
TOTAL STATE ASSISTANCE			\$735,117	\$56,612
TOTAL FEDERAL AND STATE ASSISTANCE		\$11,733,244	\$5,327,503	\$1,107,105

1. **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.

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