

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2007

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Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2007

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.

Jessie Eubanks

Mike Haddock

Sondra I. Riggs

COUNTY OFFICIALS

Larry P. Meadows
County Manager

Wayne Vanderford
Tax Supervisor/Collector

Tina Meadows
Finance Officer

Gloria Thomas
Register of Deeds

Thelma Simmons
Social Services Director

John Hall
Sheriff

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Jones County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of and for the year then ended June 30, 2007, 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, 2007, 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 January 4, 2008 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.

January 8, 2008

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, 2007. 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

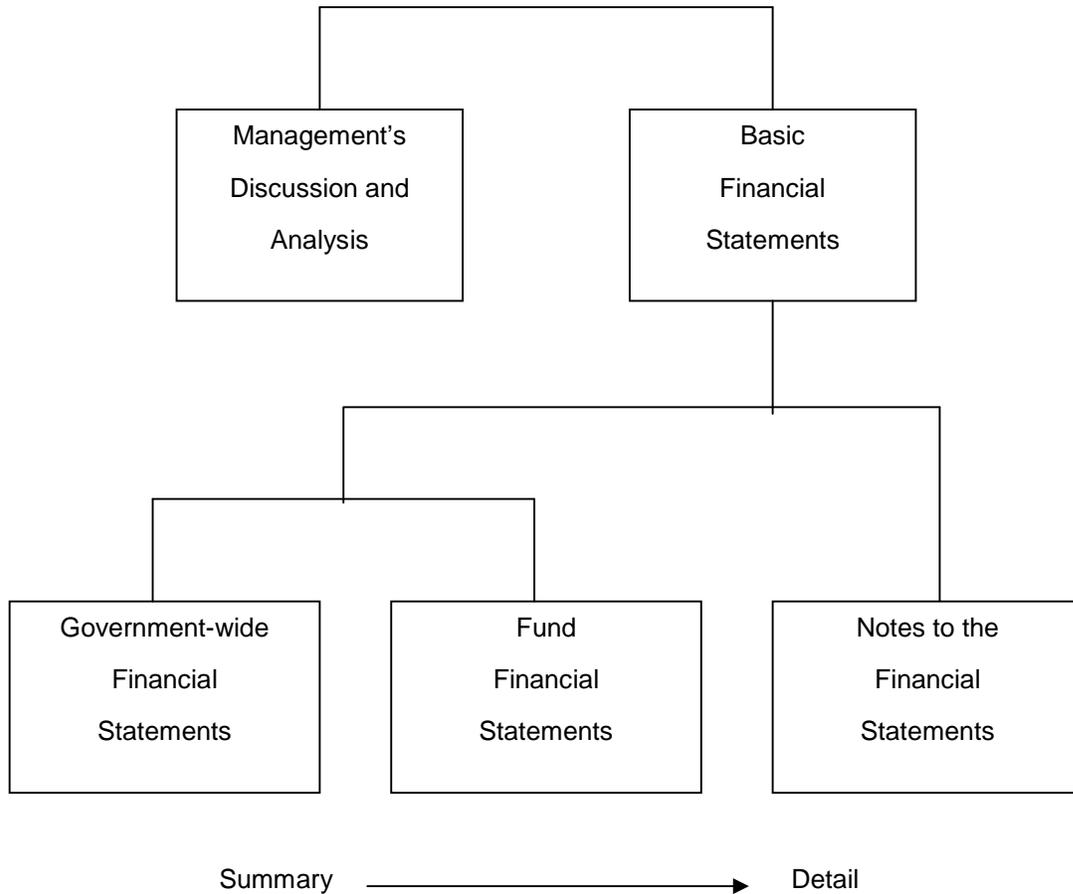
- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$18,356,370 (*net assets*).
- The government's total net assets increased by \$186,462, primarily due to increased net assets in the General Fund. This compares to an increase of \$193,572 in 2006.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general, special revenue and capital projects funds) reported combined ending fund balances of \$7,813,926, an increase of \$934,836 in comparison with the prior year. At June 30, 2007, approximately 67.25% of this total amount, or \$5,255,132 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 \$2,401,532, or 23.7% of total general fund expenditures for the fiscal year. In 2006, unreserved undesignated fund balance in the General Fund was \$2,797,940, or 29.61% 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.

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Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

Basic Financial Statements

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

The next statements (Exhibits 3 through 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 gauge the County's financial condition.

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

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

Fund Financial Statements

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

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 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 \$18,356,370 as of June 30, 2007. As of June 30, 2006, the net assets of Jones County stood at \$18,169,908. The County's net assets increased by \$178,487 for the fiscal year ended June 30, 2007, compared to an increase of \$193,572 in 2006. One of the largest portions (52.19%) 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 \$8,766,003 is unrestricted. In 2006, the amount of net assets invested in capital assets net of related debt was \$9,166,553, with restricted assets standing at \$5,913. The remaining \$8,997,442 was unrestricted net assets for that year.

Jones County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$8,830,019	\$7,974,355	\$1,179,425	\$2,295,653	\$10,009,444	\$10,270,008
Capital assets	4,942,501	4,655,141	6,987,334	6,047,389	11,929,835	10,702,530
Total assets	\$13,772,520	\$12,629,496	\$8,166,759	\$8,343,042	\$21,939,279	\$20,972,538
Current Liabilities	\$340,347	\$356,821	\$135,011	\$105,416	\$475,358	\$462,237
Long-Term Liabilities	3,089,561	2,323,397	17,990	16,996	3,107,551	2,340,393
Total liabilities	\$3,429,908	\$2,680,218	\$153,001	\$122,412	\$3,582,909	\$2,802,630
Net assets:						
Invested in capital assets, net of related debt	\$2,592,202	\$3,119,164	\$6,987,334	\$6,047,389	\$9,579,536	\$9,166,553
Restricted	10,831	5,913			10,831	5,913
Unrestricted	7,739,579	6,824,201	1,026,424	2,173,241	8,766,003	8,997,442
Total net assets	\$10,342,612	\$9,949,278	\$8,013,758	\$8,220,630	\$18,356,370	\$18,169,908

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

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.62% which is comparable to last year's collection percentage of 93.29%.
- With guidance of the Board of County Commissioners and the leadership of the County Manager, all department heads and employees strive to contain and reduce spending where possible.

Jones County's Changes in Net Assets

	Figure 3					
	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$557,491	\$482,570	\$774,373	\$750,614	\$1,331,864	\$1,233,184
Operating grants and contributions	3,355,877	3,379,599			3,355,877	3,379,599
Capital grants and contributions	10,600	85,299			10,600	85,299
General revenues:						
Property taxes	4,520,045	4,187,062			4,520,045	4,187,062
Other taxes	1,778,881	1,703,343			1,778,881	1,703,343
Grants and contributions not restricted to specific programs	206,693	181,532			206,693	181,532
Other	489,255	379,619	38,840	25,407	528,095	405,026
Total revenues	\$10,918,842	\$10,399,024	\$813,213	\$776,021	\$11,732,055	\$11,175,045
Expenses:						
General government	\$1,490,693	\$1,506,598			\$1,490,693	\$1,506,598
Public safety	1,739,361	1,670,979			1,739,361	1,670,979
Environmental Protection	433,482	435,406			433,482	435,406
Economic and physical development	548,905	365,934			548,905	365,934
Human services	4,256,334	4,311,949			4,256,334	4,311,949
Cultural and recreation	241,854	219,807			241,854	219,807
Education	1,810,269	1,612,511			1,810,269	1,612,511
Interest on long-term debt	64,610	65,470			64,610	65,470
Water			\$960,085	\$792,819	960,085	792,819
Total expenses	\$10,585,508	\$10,188,654	\$960,085	\$792,819	\$11,545,593	\$10,981,473
Increase in net assets before transfers	\$333,334	\$210,370	(\$146,872)	(\$16,798)	\$186,462	\$193,572
Transfers	60,000	45,000	(60,000)	(45,000)		
Increase in net assets	\$393,334	\$255,370	(\$206,872)	(\$61,798)	\$186,462	\$193,572
Net assets, July 1	9,949,278	9,693,908	8,220,630	8,282,428	18,169,908	17,976,336
Net assets, June 30	\$10,342,612	\$9,949,278	\$8,013,758	\$8,220,630	\$18,356,370	\$18,169,908

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

Governmental Activities. Governmental activities increased the County's net assets by \$393,334 compared to an increase of \$255,370 in 2006. The 2006 growth was enhanced by additional grant funds for rehabilitation and repair of homes, Emergency Medical Service revenues and other grant funds for an Industrial facility. Key elements of the increase in 2007 are as follows:

- With the pressure of a mandated elevator and renovations to the County courthouse and pressures to build a new high school, the Board of County commissioners have taken a hard line on expenditures with these capital expenditures in the near future.
- Monthly review by the Finance Officer and the County Manager of the year to date expenditures.

Business-type activities: Business-type activities decreased Jones County's net assets by \$206,872 compared to a decrease of \$61,798 in 2006. Key elements of this decrease in 2007 are as follows:

- Water system repairs increased approximately \$193,000.

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 \$3,756,311, while total fund balance reached \$6,315,105. \$1,354,779 of the unreserved fund balance has been designated for future projects and subsequent year's expenditures, leaving \$2,401,532 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 37.07 and 23.7 percent, respectively of total General Fund expenditures, while total fund balance represents 62.31 percent of that same amount.

At June 30, 2007, the governmental funds of Jones County reported a combined fund balance of \$7,813,926 compared to \$6,879,090 at June 30, 2006. The primary reason for this increase is the increase 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 \$429,514.

Proprietary Funds. Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,026,424. The total decrease in net assets was \$206,872. 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, 2007, totals \$11,929,835 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- Addition of construction in progress in the governmental activities for the Courthouse Renovations, the Incubator and the Defense Holdings, Inc. projects.
- Addition of construction in progress in the business-type activities for the Rock Creek Water Project.
- Purchased a new solid waste vehicle.

Jones County's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$385,899	\$385,899	\$35,708	\$35,708	\$421,607	\$421,607
Buildings and system	3,717,145	3,813,225	5,737,454	5,890,126	9,454,599	9,703,351
Machinery and equipment	292,945	313,029	85,185	121,555	378,130	434,584
Infrastructure	139,943	142,988			139,943	142,988
Construction in Progress	406,569		1,128,987		1,535,556	
Total	\$4,942,501	\$4,655,141	\$6,987,334	\$6,047,389	\$11,929,835	\$10,702,530

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, 2007, Jones County had Qualified Zone Academy Bonds outstanding of \$633,008.

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 \$54,317,408. At June 30, 2007, Jones County had general obligations and capitalized leases outstanding of \$2,983,307 that are to be considered within the legal debt margin. The County received a \$250,000 loan from North Carolina's Eastern Region and a \$640,000 from Jones-Onslow Electric Membership Corporation for the construction of the Defense Holdings, Inc. capital project located in the Industrial Park.

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.

- Began construction of an industrial facility (approximately \$1.3 million) and a County business and industry center (Incubator, approximately \$750,000).
- The County is enjoying a low unemployment rate of 4.4%, lower than the state average of 4.8%.
- One major subdivision has invested approximately \$3 million to date with an estimated total investment up to \$38 million.
- A new subdivision is scheduled to begin in fiscal year 2007-2008 with an estimated total investment up to \$60 million.
- Lenoir Community College has acquired funds to construct a new facility beginning 2007-2008.
- Jones County continues to see an increase in private construction of new homes.
- With the latest announcement of the proposed military growth to the bases of eastern North Carolina, Jones County will continue to see this type of growth and demand for the lifestyle that Jones County has to offer.

Budget Highlights for the Fiscal Year Ending June 30, 2008

Governmental Activities: The County's tax rate will increase from 66 cents to 68 cents thereby increasing budgeted tax revenues.

Budgeted expenditures in the General Fund are expected to rise 3.07%.

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, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$7,364,693	\$1,039,730	\$8,404,423	\$83,278
Receivables (Net)	597,222	107,493	704,715	
Due From Other Governments	663,306		663,306	
Inventories	7,367	32,202	39,569	115,110
Prepaid Items				1,788
Notes Receivable:				
Due Within One Year	39,024		39,024	
Due in More Than One Year	158,407		158,407	
Capital Assets:				
Land, Improvements, and Construction in Progress	792,468	1,164,695	1,957,163	15,073
Other Capital Assets, Net of Depreciation	4,150,033	5,822,639	9,972,672	26,954
Total Capital Assets	\$4,942,501	\$6,987,334	\$11,929,835	\$42,027
Total Assets	\$13,772,520	\$8,166,759	\$21,939,279	\$242,203
Liabilities:				
Accounts Payable and Accrued Expenses	\$200,212	\$50,572	\$250,784	\$70,236
Accrued Interest Payable	13,850		13,850	
Unearned Revenue	37,606		37,606	
Customer Deposits		84,439	84,439	
Long-term Liabilities:				
Due within one year	88,679		88,679	
Due in more than one year	3,089,561	17,990	3,107,551	
Total Liabilities	\$3,429,908	\$153,001	\$3,582,909	\$70,236
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$2,592,202	\$6,987,334	\$9,579,536	\$42,027
Restricted For:				
Register of Deeds	10,831		10,831	
Unrestricted	7,739,579	1,026,424	8,766,003	129,940
Total Net Assets	\$10,342,612	\$8,013,758	\$18,356,370	\$171,967

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$1,490,693	\$225,826	\$24,570	
Public Safety	1,739,361	187,946	173,856	
Environmental Protection	433,482	117,752	51,407	
Economic and Physical Development	548,905		276,217	
Human Services	4,256,334	24,232	2,790,566	
Cultural and Recreation	241,854	1,735		\$10,600
Education	1,810,269		39,261	
Interest on Long-Term Debt	64,610			
Total Governmental Activities	\$10,585,508	\$557,491	\$3,355,877	\$10,600
Business-type Activity:				
Water	\$960,085	\$774,373		
Total Business-type Activities	\$960,085	\$774,373	\$0	\$0
	\$11,545,593	\$1,331,864	\$3,355,877	\$10,600
Component Units:				
ABC Board	\$861,408	\$868,235		
Total Component Unit	\$861,408	\$868,235	\$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
(\$1,240,297)		(\$1,240,297)	
(1,377,559)		(1,377,559)	
(264,323)		(264,323)	
(272,688)		(272,688)	
(1,441,536)		(1,441,536)	
(229,519)		(229,519)	
(1,771,008)		(1,771,008)	
(64,610)		(64,610)	
(\$6,661,540)	\$0	(\$6,661,540)	
	(\$185,712)	(\$185,712)	
\$0	(\$185,712)	(\$185,712)	
(\$6,661,540)	(\$185,712)	(\$6,847,252)	
			\$6,827
			\$6,827
\$4,520,045		\$4,520,045	
1,685,191		1,685,191	
93,690		93,690	
206,693		206,693	
424,411	\$30,865	455,276	\$392
64,844		64,844	2,598
	7,975	7,975	
60,000	(60,000)		
\$7,054,874	(\$21,160)	\$7,033,714	\$2,990
\$393,334	(\$206,872)	\$186,462	\$9,817
9,949,278	8,220,630	18,169,908	162,150
\$10,342,612	\$8,013,758	\$18,356,370	\$171,967

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

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$5,832,173	\$1,532,520	\$7,364,693
Receivables, Net	515,414	14,179	529,593
Due From Other Governments	641,625	21,681	663,306
Current Portion-Notes Receivable	39,024		39,024
Inventories	7,367		7,367
Notes Receivable	158,407		158,407
TOTAL ASSETS	<u>\$7,194,010</u>	<u>\$1,568,380</u>	<u>\$8,762,390</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable and Accrued Liabilities	\$199,982	\$228	\$200,210
Unearned Revenue	37,606		37,606
Deferred Revenue	641,317	69,331	710,648
Total Liabilities	<u>\$878,905</u>	<u>\$69,559</u>	<u>\$948,464</u>
<i>Fund Balances:</i>			
Reserved for:			
Inventories	\$7,367		\$7,367
State Statute	743,157		743,157
Reserved for Specific Expenditures	1,797,439		1,797,439
Register of Deeds	10,831		10,831
Unreserved, Available for Appropriation:			
Designated for Future Projects	874,779		874,779
Designated for Subsequent Years' Expenditures	480,000		480,000
Undesignated	2,401,532		2,401,532
Unreserved, Reported In Nonmajor:			
Special Revenue Funds		\$231,651	231,651
Capital Projects Fund		1,267,170	1,267,170
Total Fund Balances	<u>\$6,315,105</u>	<u>\$1,498,821</u>	<u>\$7,813,926</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$7,194,010</u>	<u>\$1,568,380</u>	

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.	\$4,942,501
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	67,629
Liabilities for earned but deferred revenues in fund statements.	710,646
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(3,192,090)
Net Assets of Governmental Activities	<u>\$10,342,612</u>

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2007

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
REVENUES:			
Ad Valorem Taxes	\$4,610,149		\$4,610,149
Local Option Sales Taxes	1,685,191		1,685,191
Other Taxes and Licenses	145,692	\$93,690	239,382
Unrestricted Intergovernmental	97,871		97,871
Restricted Intergovernmental	2,998,568	395,937	3,394,505
Permits and Fees	153,838		153,838
Sales and Services	222,306		222,306
Investment Earnings	422,191	2,220	424,411
Miscellaneous	139,285	27,238	166,523
TOTAL REVENUES	\$10,475,091	\$519,085	\$10,994,176
EXPENDITURES:			
<i>Current:</i>			
General Government	\$1,416,699	\$25,350	\$1,442,049
Public Safety	1,546,344	155,438	1,701,782
Environmental Protection	455,236		455,236
Economic and Physical Development	245,494	652,647	898,141
Human Services	4,253,257		4,253,257
Cultural and Recreational	186,745	41,665	228,410
Miscellaneous-County	19,419		19,419
<i>Intergovernmental:</i>			
Education	1,810,269		1,810,269
<i>Debt Service:</i>			
Principal	135,370		135,370
Interest	65,407		65,407
Total Expenditures	\$10,134,240	\$875,100	\$11,009,340
Excess (Deficiency) of Revenues			
Over Expenditures	\$340,851	(\$356,015)	(\$15,164)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	\$60,000	\$223,203	\$283,203
Transfers to Other Funds	(223,203)		(223,203)
Installment Obligations Issued		890,000	890,000
Total Other Financing Sources (Uses)	(\$163,203)	\$1,113,203	\$950,000
Net Change in Fund Balance	\$177,648	\$757,188	\$934,836
<i>Fund Balances, Beginning</i>	6,137,457	741,633	6,879,090
FUND BALANCES, ENDING	\$6,315,105	\$1,498,821	\$7,813,926

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

JONES COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2007

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

Net changes in fund balances - total governmental funds	\$934,836
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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	287,360
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(74,481)
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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.	(754,628)
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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.	247
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Total Changes in Net Assets of Governmental Activities	<u><u>\$393,334</u></u>
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The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$4,317,802	\$4,317,802	\$4,610,149	\$292,347
Local Option Sales Tax	1,355,000	1,355,000	1,685,191	330,191
Other Taxes and Licenses	58,820	58,820	145,692	86,872
Unrestricted Intergovernmental	80,000	80,000	97,871	17,871
Restricted Intergovernmental	2,797,009	2,899,982	2,998,568	98,586
Permits and Fees	125,435	128,235	153,838	25,603
Sales and Services	179,158	179,158	222,306	43,148
Investment Earnings	150,000	150,000	422,191	272,191
Miscellaneous	84,735	89,235	139,285	50,050
Total Revenues	\$9,147,959	\$9,258,232	\$10,475,091	\$1,216,859
Expenditures:				
<i>Current:</i>				
General Government	\$1,606,082	\$1,392,370	\$1,416,699	(\$24,329)
Public Safety	1,195,814	1,578,361	1,546,344	32,017
Environmental Protection	487,547	450,894	455,236	(4,342)
Economic and Physical Development	230,095	218,430	245,494	(27,064)
Human Services	4,368,337	4,545,107	4,253,257	291,850
Cultural and Recreational	179,038	184,823	186,745	(1,922)
Miscellaneous-County	70,000	37,900	19,419	18,481
<i>Intergovernmental:</i>				
Education	1,866,427	2,024,969	1,810,269	214,700
<i>Debt Service:</i>				
Principal Retirement	95,372	95,372	135,370	(39,998)
Interest	65,407	65,407	65,407	
Total Expenditures	\$10,164,119	\$10,593,633	\$10,134,240	\$459,393
Revenues Over (Under) Expenditures	(\$1,016,160)	(\$1,335,401)	\$340,851	\$1,676,252
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$60,000	\$60,000	(\$163,203)	(\$223,203)
Appropriated Fund Balance	956,160	1,275,401		(1,275,401)
Total Other Financing Sources (Uses)	\$1,016,160	\$1,335,401	(\$163,203)	(\$1,498,604)
Net Change in Fund Balance	\$0	\$0	\$177,648	\$177,648
<i>Fund Balances:</i>				
Beginning of Year, July 1			6,137,457	
End of Year, June 30			\$6,315,105	

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007

	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,039,730
Receivables, Net	107,493
Inventories	32,202
Total Current Assets	\$1,179,425
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	\$1,164,695
Other Capital Assets, Net of Depreciation	5,822,639
Total Capital Assets	\$6,987,334
TOTAL ASSETS	\$8,166,759
<u>LIABILITIES AND NET ASSETS</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$50,572
Customer Deposits	84,439
Total Current Liabilities	\$135,011
<i>Noncurrent Liabilities:</i>	
Compensated Absences	\$17,990
Total Noncurrent Liabilities	\$17,990
TOTAL LIABILITIES	\$153,001
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	\$6,987,334
Unrestricted	1,026,424
Total Net Assets	\$8,013,758

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2007

	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$729,867
Water Tap Fees	26,300
Reconnect Fees	14,025
Other Operating Revenues	4,181
Total Operating Revenues	\$774,373
OPERATING EXPENSES:	
Administration	\$191,926
Raw Water Supply Maintenance	547,337
Depreciation	220,822
Total Operating Expenses	\$960,085
Operating Income (Loss)	(\$185,712)
NONOPERATING REVENUES	
Interest and Investment Revenue	\$30,865
Sale of Assets	7,975
Total Nonoperating Revenues	\$38,840
Income (Loss) Before Contributions and Transfers	(\$146,872)
Transfers (To) From Other Funds	(60,000)
Change in Net Assets	(\$206,872)
Total Net Assets, Beginning	8,220,630
Total Net Assets, Ending	\$8,013,758

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2007

	Major Fund Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$762,622
Cash Paid for Goods and Services	(461,633)
Cash Paid to Employees for Services	(251,184)
Customer Deposits Received	17,350
Customer Deposits Returned	(10,426)
Other Operating Revenues	12,156
Net Cash Provided (Used) by Operating Activities	\$68,885
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(\$60,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(\$1,160,767)
Sale of Fixed Assets	7,975
Net Cash Used by Capital and Related Financing Activities	(\$1,152,792)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	\$30,865
Net Increase (Decrease) in Cash and Cash Equivalents	(\$1,113,042)
Cash and Cash Equivalents, July 1	2,152,772
Cash and Cash Equivalents, June 30	\$1,039,730
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$185,712)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$220,822
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	(7,570)
Decrease (Increase) in Inventory	10,756
Increase (Decrease) in Accounts Payable and Accrued Liabilities	22,671
Increase (Decrease) in Customer Deposits	6,924
Increase (Decrease) in Accrued Vacation Payable	994
Total Adjustments	\$254,597
Net Cash Provided by (Used by) Operating Activities	\$68,885

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2007

	Agency Fund
<u>Assets</u>	
Cash and Cash Equivalents	\$51,908
Accounts Receivable	9,230
Total Assets	\$61,138
<u>Liabilities and Net Assets</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$61,138
Total Liabilities	\$61,138
<i>Net Assets:</i>	
Assets Held in Trust	\$0

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

Measurement Focus, Basis of Accounting

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. 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, annual 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 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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

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

C. BUDGETARY DATA

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation Fund, 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 departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$429,514 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. ASSETS, LIABILITIES, AND FUND EQUITY

1. Deposits and Investments

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

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

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

2. Use of Estimates

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

3. Cash and Cash Equivalents

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007. 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 and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Jones County Board of Education.

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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 represent tentative management plans that are subject to change.

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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

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 2007-2008 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 \$2,528,686 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$6,941,812
Less Accumulated Depreciation	(1,999,311)
Net Capital Assets	\$4,942,501
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.	67,629
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	710,646
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	(2,983,307)
Compensated absences	(190,905)
Accrued interest payable	(13,850)
Net pension obligation	(4,028)
Total Adjustment	\$2,528,686

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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 (\$541,502) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$501,017
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.	(213,657)
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	(890,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	135,372
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	(550)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	797
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/01/06	(529,696)
Recording of tax receipts deferred in the fund statements as of 6/30/07	454,448
Increase in accrued taxes receivable for year ended 6/30/07	(14,856)
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.	15,623
Total Adjustment	(\$541,502)

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT FUND BALANCE OR NET ASSETS OF INDIVIDUAL FUNDS

The Rock Creek Water Project Fund had a deficit fund balance of \$574,336 due to the fact that expenditures were incurred before loan proceeds were received.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended June 30, 2007, 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			
Register of Deeds	\$122,014	\$161,992	\$39,978
Public Buildings	\$264,006	\$265,661	\$1,655
Environmental Protection			
Sanitation	\$305,269	\$313,378	\$8,109
Economic & Physical Development			
Agriculture Extension	\$144,218	\$145,647	\$1,429
Economic Development	\$68,456	\$93,441	\$24,985
Commissions, Committees & Councils Planning	\$2,350	\$3,250	\$900
Human Services			
Bioterrorism	\$64,219	\$64,260	\$41
WIC Supplemental Food	\$53,508	\$53,635	\$127
Health Promotions	\$25,425	\$26,636	\$1,211
Day Care - County Participation	\$539,412	\$596,383	\$56,971
Title III - Homemaker	\$55,963	\$62,251	\$6,288
Medicaid Transportation Dialysis	\$154,895	\$169,525	\$14,630
Crisis Intervention	\$14,292	\$14,812	\$520
Energy Assistance - CP&L	\$865	\$1,839	\$974
Rural Transportation	\$44,040	\$58,183	\$14,143
Tri-County Senior Citizens	\$147,805	\$148,109	\$304
Cultural and Recreational			
Civic Center	\$28,305	\$31,345	\$3,040
Interagency Council	\$3,000	\$4,168	\$1,168
Libraries Appropriation	\$104,574	\$104,575	\$1
Debt Service	\$160,779	\$200,777	\$39,998
Transfer to Special Revenue Fund	\$0	\$25,000	\$25,000
Transfers to Capital Projects Fund	\$0	\$198,203	\$198,203
Emergency Telephone System Fund			
Public Safety			
911	\$65,235	\$73,044	\$7,809
Wireless	\$77,685	\$82,394	\$4,709

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (continued)

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
2004 CDBG Scattered Site Fund			
2004 Neighborhood Revitalization			
Administration	\$59,000	\$85,925	\$26,925
Civic Center Capital Projects Fund			
Cultural and Recreational	\$259,000	\$311,018	\$52,018
Defense Holdings, Inc. Capital Projects Fund			
Engineering & Architectural	15,000	29,627	\$14,627
Water Fund			
Raw Water Supply & Maintenance	465,304	547,337	\$82,033
Transfer to Rock Creek Capital Projects Fund	500,000	554,651	\$54,651
Rock Creek Water Capital Projects Fund			
Engineering	67,500	148,299	\$80,799
Additional Services	4,500	5,429	\$929

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

1. Deposits (continued)

At June 30, 2007, the County's deposits had a carrying amount of \$246,453 and a bank balance of \$462,504. Of the bank balance, \$200,000 was covered by federal depository insurance and \$262,504 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2007, Jones County had \$1,480 cash on hand.

At June 30, 2007, the carrying amount of deposits for Jones County ABC Board was \$81,778 and the bank balance was \$94,071. All of the bank balance was covered by federal depository insurance. At June 30, 2007, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2007, the County's investment balances were as follows:

	Fair Value
NC Capital Management Trust - Cash Portfolio	\$8,211,877
Total Investments	\$8,211,877

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, 2007. The County has no policy on credit risk.

At June 30, 2007, the ABC Board had no investments.

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

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

Year Levied	Tax	Interest	Total
2006	\$551,487	\$31,710	\$583,197
2005	237,785	35,073	272,858
2004	236,843	56,250	293,093
2003	238,567	78,132	316,699
Total	\$1,264,682	\$201,165	\$1,465,847

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

4. Receivables

Receivables at the government-wide level at June 30, 2007, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
<i>Governmental Activities:</i>				
General	\$221,666	\$538,577	\$641,625	\$1,401,868
Other Governmental	14,179		21,681	35,860
Total Receivables	\$235,845	\$538,577	\$663,306	\$1,437,728
Allowance for Doubtful Accounts	(160,700)	(16,500)		(177,200)
Total Governmental Activities	\$75,145	\$522,077	\$663,306	\$1,260,528
<i>Business-type Activities:</i>				
Water	\$133,393			\$133,393
Total Receivables	\$133,393	\$0	\$0	\$133,393
Allowance for Doubtful Accounts	(25,900)			(25,900)
Total Business-type Activities	\$107,493	\$0	\$0	\$107,493

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

Local option sales tax	\$289,609
Various Human Services Revenues	349,779
Scrap Tire Tax	2,237
Wireless 911 Funds	21,681
	\$663,306

Notes Receivable

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

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

Notes Receivable (continued)

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

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

The following summarizes the expected collection on these notes:

Principal Amounts Due for the Year Ended June 30:	M&W #1	SRS	BLUE ROCK	TIMELESS CUSTOMS	SELDS, INC.	Total
2008	\$6,754	\$6,743	\$1,274	\$2,708	\$21,545	\$39,024
2009	7,035	7,158	1,323	2,819	4,760	23,095
2010	7,322	7,600	1,374	39,001	4,960	60,257
2011	7,620	8,069	1,426		5,169	22,284
2012	7,928	8,566	1,125		3,566	21,185
2013 - 2017	8,944	22,642				31,586
	\$45,603	\$60,778	\$6,522	\$44,528	\$40,000	\$197,431

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$385,899			\$385,899
Construction in Progress		\$406,569		406,569
Total Capital Assets Not Being Depreciated	\$385,899	\$406,569	\$0	\$792,468
Capital Assets Being Depreciated:				
Buildings	\$4,869,052	\$23,500		\$4,892,552
Infrastructure	152,235			152,235
Equipment	1,067,954	70,948	\$34,345	1,104,557
Total Capital Assets Being Depreciated	\$6,089,241	\$94,448	\$34,345	\$6,149,344
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$1,055,827	\$119,580		\$1,175,407
Infrastructure	9,247	3,045		12,292
Equipment	754,925	91,033	\$34,345	811,613
Total Accumulated Depreciation	\$1,819,999	\$213,657	\$34,345	\$1,999,311
<i>Total Capital Assets Being Depreciated, Net</i>	\$4,269,242			\$4,150,033
Governmental Activity Capital Assets, Net	\$4,655,141			\$4,942,501

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

General Government	\$80,618
Public Safety	59,158
Environmental Protection	3,253
Economic and Physical Development	14,038
Human Services	20,048
Cultural and Recreational	36,544
Total Depreciation Expense	\$213,657

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

5. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Business-type Activity:</i>				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$35,708			\$35,708
Construction in Progress		\$1,128,987		1,128,987
<i>Total Capital Assets Not Being Depreciated</i>	\$35,708	\$1,128,987	\$0	\$1,164,695
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$8,761,950	\$31,780		\$8,793,730
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	399,545		\$72,970	326,575
Total Assets Being Depreciated	\$9,213,870	\$31,780	\$72,970	\$9,172,679
<i>Less Accumulated Depreciation for:</i>				
Plant and Distribution Systems	\$2,871,824	\$184,451		\$3,056,275
Machinery and Equipment	30,451	6,037		36,488
Vehicles and Construction Equipment	299,914	30,334	\$72,970	257,277
Total Accumulated Depreciation	\$3,202,189	\$220,822	\$72,970	\$3,350,040
<i>Total Capital Assets Being Depreciated, Net</i>	6,011,681			5,822,639
Business-type Activity Capital Assets, Net	\$6,047,389			\$6,987,334

Construction Commitments

The government has active construction projects as of June 30, 2007. The projects include Civic Center Improvements, Industrial Park construction, Incubator, Defense Holdings, Inc. and Rock Creek Water Project.

Project	Spent-to-Date	Remaining Commitment
Civic Center	\$311,018	
Courthouse Renovations	37,615	\$562,385
Incubator	44,045	705,955
Defense Holdings, Inc.	324,910	888,912
Rock Creek Water Project	1,128,987	323,013
	\$1,846,575	\$2,480,265

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2007 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$15,073	\$0	\$0	\$15,073
Capital Assets Being Depreciated:				
Buildings	\$81,739			\$81,739
Furniture/Equipment	80,974			80,974
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$178,315	\$0	\$0	\$178,315
Less Accumulated Depreciation For:				
Buildings	\$63,233	\$1,740		\$64,973
Furniture/Equipment	68,354	2,432		70,786
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$147,189	\$4,172	\$0	\$151,361
<i>Total Capital Assets Being Depreciated, Net</i>	\$31,126			\$26,954
Business-type Activity Capital Assets, Net	\$46,199			\$42,027

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2007, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$172,672	\$27,310	\$13,850	\$213,832
Other Governmental	228			228
Total Governmental Activities	\$172,900	\$27,310	\$13,850	\$214,060
Business-type Activities:				
Water Fund	\$48,270	\$2,302		\$50,572
Total Business-type Activities	\$48,270	\$2,302	\$0	\$50,572

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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 4.97% 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, 2007, 2006, and 2005 were \$146,778, \$142,152, and \$141,872, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$4,172, \$4,190, and \$3,867, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Jones County administers a public employee retirement system (*Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	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, 2007

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$0, or 0% of annual covered payroll. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2006 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. The remaining amortization period at December 31, 2006 was 24 years.

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

Annual Required Contribution	\$3,457
Interest on Net Pension Obligation	41
Adjustment to Annual Required Contribution	(34)
Annual Pension Cost	\$3,464
 Contributions Made	 0
 Increase (Decrease) in Net Pension Obligation	 \$3,464
 Net Pension Obligation - Beginning of Year	 564
Net Pension Obligation - End of Year	\$4,028

3 YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2005	5,375	0%	(4,291)
06/30/2006	4,855	0%	564
06/30/2007	3,464	0%	4,028

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, 2007 were \$30,476, which consisted of \$13,513 from the County and \$16,963 from the law enforcement officers.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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

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

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, 2007, the County's required and actual contributions were \$2,262.

e. **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Deferred/Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid Property Taxes Not Yet Earned (General)		\$37,606
Taxes Receivable, Net (General), less penalties	\$454,448	
EMS Receivables, Net	31,187	
Solid Waste Receivables, Net	2,533	
Other Receivables Not Available at Year End	153,149	
E-911 Wireless Revenues	7,894	
Revenues (Capital Project)	61,437	
Total	\$710,648	\$37,606

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.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

5. Long-Term Obligations

a. Notes Payable/Installment Obligations

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the industrial park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2007 balance was \$1,469,243.

During the Year Ending June 30,	Principal	Interest	Total
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	19,101	59,529	78,630
2013 - 2017	108,395	284,755	393,150
2018 - 2022	133,472	259,678	393,150
2023 - 2027	164,350	228,800	393,150
2028 - 2032	202,372	190,778	393,150
2033 - 2037	249,191	143,959	393,150
2038 - 2042	306,840	86,310	393,150
2043 - 2045	216,594	18,688	235,282
	\$1,469,243	\$1,518,089	\$2,987,332

2. On April 12, 2007, the County entered into a financing agreement with North Carolina's Eastern Region Development Commission for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$250,000 and the agreement calls for one payment of accrued interest in the amount of \$10,313, then 14 annual payments of \$23,938. The agreement carries a 4.125% interest rate. The June 30, 2007 balance was \$250,000.

During the Year Ending June 30,	Principal	Interest	Total
2008		\$10,313	\$10,313
2009	\$13,625	10,313	23,938
2010	14,188	9,750	23,938
2011	14,773	9,165	23,938
2012	15,382	8,556	23,938
2013 - 2017	86,970	32,721	119,691
2018 - 2022	105,062	13,241	118,303
	\$250,000	\$94,059	\$344,059

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

3. On April 18, 2007, the County entered into a financing agreement with Jones – Onslow Electric Membership Corporation for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$640,000 and the agreement calls for 120 monthly payments beginning August 1, 2008 and carries no stated interest rate. The June 30, 2007 balance was \$600,000.

During the Year Ending June 30,	Principal	Interest	Total
2008	\$0		\$0
2009	37,798		37,798
2010	81,071		81,071
2011	81,071		81,071
2012	81,071		81,071
2013 - 2017	318,989		318,989
	\$600,000	\$0	\$600,000

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, 2006. 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, 2007, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$155,438	\$131,722	\$23,716

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

Year Ending June 30	
2008	\$22,095
2009	3,698
2010	3,698
2011	3,698
Total minimum lease payments	\$33,189
Less: Amount representing interest	2,133
Present value of the minimum lease payments	\$31,056

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

c. **General Obligation Indebtedness**

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

\$633,008

d. **Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2007:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$51,206		\$20,150	\$31,056	\$22,095
Global Transpark Development Zone Loan	9,281		9,281		
USDA Loan	1,484,771		15,528	1,469,243	16,172
Qualified Zone Academy Bonds	683,421		50,413	633,008	50,412
Eastern Region Loan		\$640,000	40,000	600,000	
Jones-Onslow EMC Loan		250,000		250,000	
Net Pension Obligation	563	3,465		4,028	
Compensated Absences	191,455	130,746	131,296	190,905	
Total Governmental Activities	<u>\$2,420,697</u>	<u>\$1,024,211</u>	<u>\$266,668</u>	<u>\$3,178,240</u>	<u>\$88,679</u>
Business-type Activity:					
Compensated Absences	\$16,996	\$11,235	\$10,241	\$17,990	
Total	<u>\$16,996</u>	<u>\$11,235</u>	<u>\$10,241</u>	<u>\$17,990</u>	<u>\$0</u>

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

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds for the year ended June 30, 2007 consists of the following:

Operating Transfers From / To Other Funds	TRANSFERS	
	FROM	TO
General Fund:		
Special Revenue Fund		\$25,000
Capital Projects Fund		198,203
Enterprise Fund	\$60,000	
Special Revenue Fund:		
General Fund	25,000	
Capital Projects Fund:		
General Fund	198,203	
Enterprise Fund:		
General Fund		60,000
Total Operating Transfers	\$283,203	\$283,203

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

General Fund:	
School Capital Outlay	\$1,553,725
Civic Center	29,531
Fire District Tax - Township #7	965
Senior Transportation Fees	2,646
Health Department	210,572
Total	\$1,797,439

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

General Fund:	
Community (Economic) Development	\$699,974
Social Services Long-Term Screening	58,767
Facility Fees	95,773
Soil Conservation	10,170
White Goods	10,095
Total	\$874,779

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, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$104,575 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 510 N. Queen Street, Kinston, NC, 28501.

The County in conjunction with the State of North Carolina and three other local governments participates in a joint venture to operate the Lenoir County Community College. The County appoints two members of the sixteen member Board of Trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Jones County division of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$58,221 and \$50,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. 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, 2007. 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 \$31,304 for the operation of the Center during the fiscal year ended June 30, 2007. 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, 2007. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health's administrative offices at 405 Middle Street, City of New Bern, NC 28563.

VII. JOINTLY GOVERNED ORGANIZATIONS

Eastern Carolina Housing Authority

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

Global TransPark Development Commission

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

VII. JOINTLY GOVERNED ORGANIZATIONS (continued)

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, 2007, the portion of the trust available to be loaned exclusively to Jones County was \$501,235.

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	\$8,410,343	\$4,249,949
Food Stamp Program	1,203,085	
Temporary Assistance For Needy Families	91,381	
WIC	110,751	
Supplemental Assistance		114,386
Energy Assistance	50,704	
Foster Care	4,198	1,154
Adoption Assistance	8,489	2,360
Adoption Subsidy		1,260
Total	\$9,878,951	\$4,369,109

IX. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS
 June 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Fund Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) /c)
12/31/97	\$0	\$31,737	\$31,737	0.00%	\$180,636	17.57%
12/31/98	0	23,650	23,650	0.00%	182,652	12.95%
12/31/99	0	23,898	23,898	0.00%	205,011	11.66%
12/31/00	0	20,704	20,704	0.00%	222,168	9.32%
12/31/01	0	20,801	20,801	0.00%	252,460	8.24%
12/31/02	0	42,508	42,508	0.00%	267,671	15.88%
12/31/03	0	32,716	32,716	0.00%	220,844	14.81%
12/31/04	0	28,538	28,538	0.00%	205,482	13.89%
12/31/05	0	19,162	19,162	0.00%	251,565	7.62%
12/31/06	0	20,139	20,139	0.00%	286899	7.02%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2007

Year Ending June 30	Annual Required Contributions	Percentage Contributed
1998	\$4,824	177%
1999	4,275	200%
2000	3,557	293%
2001	4,166	148%
2002	3,389	69%
2003	4,003	0%
2004	6,076	0%
2005	5,375	0%
2006	4,855	0%
2007	3,464	0%

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	12/31/06
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	24 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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$4,272,802	\$4,562,925	\$290,123
Penalties and Interest	45,000	47,224	2,224
Total Ad Valorem Taxes	\$4,317,802	\$4,610,149	\$292,347
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$1,355,000	\$1,685,191	\$330,191
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$40,820	\$128,377	\$87,557
Scrap Tire Disposal Tax	18,000	16,222	(1,778)
White Goods Disposal Tax		1,093	1,093
Total Other Taxes and Licenses	\$58,820	\$145,692	\$86,872
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$50,000	\$57,701	\$7,701
Beer & Wine Tax	30,000	40,170	10,170
Total Unrestricted Intergovernmental Revenue	\$80,000	\$97,871	\$17,871
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$2,658,318	\$2,709,094	\$50,776
Court Facilities Fees	15,000	33,922	18,922
ABC - 5 cent Bottle Tax	3,500	3,461	(39)
ABC - 1 cent Bottle Tax	150	173	23
Correction and Rehab Center Grant	49,705	44,173	(5,532)
Juvenile Justice and Delinquency	90,000	84,497	(5,503)
Veterans Commission	2,000	2,000	
Child Abuse	250	125	(125)
Domestic Violence	1,000	500	(500)
Inmate Food Reimbursement	10,000	4,427	(5,573)
Bulletproof Vest Grant		2,276	2,276
National Forest Receipts/Schools	20,000	39,261	19,261
DWI/Safe Roads Act	1,000	966	(34)
Emergency Management	12,000		(12,000)
Soil Conservation	37,059	34,760	(2,299)
Total Restricted Intergovernmental Revenue	\$2,899,982	\$2,959,635	\$59,653

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine	\$400		(\$400)
Concealed/Handgun Permits	1,100	\$1,585	485
Building and Other Permits and Fees	67,430	91,252	23,822
Register of Deeds	53,055	49,768	(3,287)
Marriage Licenses	1,250	625	(625)
Franchise - Cable TV	5,000	10,608	5,608
Total Permits & Fees	\$128,235	\$153,838	\$25,603
Sales and Services:			
Jail and Officer Fees	\$20,000	\$25,542	\$5,542
EMS Fees	52,000	66,590	14,590
Trash Fees	45,000	50,215	5,215
Town Tax Billings & Collection	9,725	12,093	2,368
Vending Machines	500	643	143
Solid Waste/Recycling	51,933	67,223	15,290
Total Sales & Services	\$179,158	\$222,306	\$43,148
Total Investment Earnings	\$150,000	\$422,191	\$272,191
Other Revenues:			
Rent - Economic Development		\$79,347	\$79,347
Civic Center Rent	\$15,000	19,218	4,218
Probation Office Rent	1,760	1,760	
FSA Rent	4,480	4,480	
Gasoline Tax Refund		57	57
Sale of Fixed Assets		4,213	4,213
Goshen Medical Clinic	56,587	51,075	(5,512)
Other	11,408	18,068	6,660
Total Other Revenues	\$89,235	\$178,218	\$88,983
TOTAL REVENUES	\$9,258,232	\$10,475,091	\$1,216,859

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$53,856	\$52,976	\$880
Operating Expenses	26,700	24,810	1,890
Insurance Other Than Property	168,311	161,838	6,473
Total	\$248,867	\$239,624	\$9,243
Elections:			
Salaries & Employee Benefits	\$52,698	\$50,859	\$1,839
Operating Expenses	23,615	18,470	5,145
Total	\$76,313	\$69,328	\$6,985
Finance:			
Salaries & Employee Benefits	\$134,649	\$133,504	\$1,145
Operating Expenses	43,660	43,377	283
Total	\$178,309	\$176,880	\$1,429
Taxes:			
Salaries & Employee Benefits	\$191,924	\$191,924	
Operating Expenses	58,490	33,106	\$25,384
Total	\$250,414	\$225,030	\$25,384
Legal:			
Contracted Services	\$17,947	\$17,937	\$10
Jury Commission:			
Operating Expenses	\$728	\$728	
Total	\$728	\$728	\$0
Register of Deeds:			
Salaries & Employee Benefits	\$76,282	\$75,643	\$639
Operating Expenses	45,732	86,349	(40,617)
Total	\$122,014	\$161,992	(\$39,978)
Public Buildings:			
Salaries & Employee Benefits	\$122,468	\$120,768	\$1,700
Operating Expenses	116,538	122,482	(5,944)
Building Improvement	25,000	15,677	9,323
Capital		6,735	(6,735)
Total	\$264,006	\$265,661	(\$1,655)

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Operating Expenses	\$15,863	\$51,141	(\$35,278)
Administration:			
Salaries & Employee Benefits	\$121,490	\$121,421	\$69
Operating Expenses	9,615	9,504	111
Total	\$131,105	\$130,925	\$180
Computer:			
Salaries & Employee Benefits	\$113		\$113
Operating Expenses	79,957	\$70,719	9,238
Capital	6,734	6,734	
Total	\$86,804	\$77,453	\$9,351
TOTAL GENERAL GOVERNMENT	\$1,392,370	\$1,416,699	(\$24,329)
Public Safety:			
Sheriff Department:			
Salaries & Employee Benefits	\$610,370	\$576,880	\$33,490
Operating Expenses	86,786	95,406	(8,620)
Capital	5,900	5,900	
Total	\$703,056	\$678,186	\$24,870
County Jail:			
Salaries & Employee Benefits	\$32,024	\$32,023	\$1
Operating Expenses	117,595	131,685	(14,090)
Total	\$149,619	\$163,708	(\$14,089)
Inspections:			
Salaries & Employee Benefits	\$105,876	\$105,876	
Operating Expenses	23,185	19,514	\$3,671
Total	\$129,061	\$125,390	\$3,671
Correction/Rehab Center:			
Operating Expenses	\$48,842	\$44,397	\$4,445
Total			
Emergency Services:			
Salaries & Employee Benefits	\$220,293	\$220,293	
Operating Expenses	190,347	186,376	\$3,971
Aid to Local Fire Department	45,060	45,060	
Aid to Local Rescue Squads	37,080	37,080	
Total	\$492,780	\$488,809	\$3,971

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Communication System:			
Operating Expenses	\$11,550	\$11,083	\$467
Terrorism/Homeland Security:			
Operating Expense	\$100	\$100	\$0
Medical Examiner:			
Professional Services	\$7,500	\$2,400	\$5,100
Rabies Control:			
Salaries & Employee Benefits	\$27,303	\$23,937	\$3,366
Operating Expenses	8,550	8,335	215
Total	\$35,853	\$32,273	\$3,580
TOTAL PUBLIC SAFETY	\$1,578,361	\$1,546,344	\$32,016
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$121,533	\$113,178	\$8,355
Operating Expenses	53,536	54,116	(580)
Contracted Services	130,200	128,185	2,015
Capital		17,900	(17,900)
Total	\$305,269	\$313,378	(\$8,109)
State Forest Protection	\$65,679	\$62,814	\$2,865
Soil Conservation:			
Salaries & Employee Benefits	\$75,931	\$75,748	\$183
Operating Expenses	4,015	3,296	719
Total	\$79,946	\$79,044	\$902
TOTAL ENVIRONMENTAL PROTECTION	\$450,894	\$455,236	(\$4,342)
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$107,392	\$106,277	\$1,115
Operating Expenses	36,826	39,370	(2,544)
Total	\$144,218	\$145,647	(\$1,429)

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Salaries & Employee Benefits	\$9,640	\$6,093	\$3,547
Operating Expenses	58,816	87,348	(28,532)
Total	\$68,456	\$93,441	(\$24,985)
Neuse River Council of Governments:			
Allocation & Expenses	\$3,406	\$3,156	\$250
Commissions, Committees & Councils Planning:			
Operating Expenses	\$2,350	\$3,250	(\$900)
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$218,430	\$245,494	(\$27,064)
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$219,907	\$186,129	\$33,778
Operating Expenses	125,112	116,913	8,199
Total	\$345,019	\$303,043	\$41,976
Tuberculosis:			
Salaries and Employee Benefits	\$3,705	\$3,097	\$608
Operating Expenses	1,872	1,533	339
Total	\$5,577	\$4,631	\$946
Craven Evaluation:			
Operating Expenses	\$600	\$600	\$0
Bioterrorism			
Salaries and Employee Benefits	\$11,078	\$11,050	\$28
Operating Expenses	53,141	53,210	(69)
Total	\$64,219	\$64,260	(\$41)
Aids	\$500	\$500	\$0
Communicable Disease:			
Salaries & Employee Benefits	\$8,459	\$7,434	\$1,025
Operating Expenses	2,319	2,334	(15)
Total	\$10,778	\$9,768	\$1,010

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
HIV/STD:			
Salaries & Employee Benefits	\$32,696	\$32,625	\$71
Operating Expenses	2,304	2,147	157
Total	\$35,000	\$34,772	\$228
Family Planning:			
Salaries & Employee Benefits	\$26,347	\$25,073	\$1,274
Operating Expenses	27,816	15,076	12,740
Total	\$54,163	\$40,148	\$14,015
Environmental Health:			
Salaries & Employee Benefits	\$15,878	\$15,396	\$482
Operating Expenses	6,522	6,202	320
Total	\$22,400	\$21,598	\$802
Food & Lodging:			
Operating Expenses	\$1,846	\$1,846	\$0
Cancer Prevention:			
Salaries & Employee Benefits	\$1,621	\$1,355	\$266
Operating Expenses	4,629	4,852	(223)
Total	\$6,250	\$6,207	\$43
Immunization Action Plan:			
Salaries & Employee Benefits	\$5,202	\$4,779	\$423
Operating Expenses	1,590	767	823
Total	\$6,792	\$5,546	\$1,246
Maternal & Child Health:			
Salaries & Employee Benefits	\$53,213	\$31,669	\$21,544
Operating Expenses	40,448	31,131	9,317
Total	\$93,661	\$62,800	\$30,861
Women, Infants & Children			
Supplement Food:			
Salaries & Employee Benefits	\$40,281	\$40,281	
Operating Expenses	13,227	13,355	(\$127)
Total	\$53,508	\$53,635	(\$127)
School Health Education:			
Salaries & Employee Benefits	\$36,775	\$36,717	\$58
Operating Expenses	7,484	7,514	(30)
Total	\$44,259	\$44,231	\$28

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
School Health Nurse:			
Salaries & Employee Benefits	\$44,297	\$40,236	\$4,061
Operating Expenses	5,703	1,925	3,778
Total	\$50,000	\$42,161	\$7,839
Health Promotions:			
Operating Expenses	\$25,425	\$26,636	(\$1,211)
Total	\$25,425	\$26,636	(\$1,211)
Migrant Outreach:			
Salaries & Employee Benefits	\$36,024	\$35,283	\$741
Operating Expenses	13,966	7,540	6,426
Total	\$49,990	\$42,823	\$7,167
Child Services - Coordinator:			
Salaries & Employee Benefits	\$3,232	\$3,229	\$3
Operating Expenses	3,317	732	2,585
Total	\$6,549	\$3,961	\$2,588
Family Based Counseling:			
Operating Expenses	\$52,000	\$52,000	
Total	\$52,000	\$52,000	\$0
Wellness:			
Operating Expenses	\$24,795	\$24,795	
Total	\$24,795	\$24,795	\$0
Maternity Care Coordination:			
Salaries & Employee Benefits	\$977	\$979	(\$2)
Operating Expenses	8,744		8,744
Total	\$9,721	\$979	\$8,742
Mosquito Control:			
Salaries & Employee Benefits	\$987		\$987
Operating Expenses	4,013	\$812	3,201
Total	\$5,000	\$812	\$4,188
Total Health	\$968,052	\$847,751	\$120,301

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Mental Health:			
Administration:			
Regional Allocation	\$27,670	\$27,670	
Bottle Tax	4,000	3,634	\$366
Total	\$31,670	\$31,304	\$366
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,020,649	\$933,786	\$86,863
Operating Expenses	419,861	407,981	11,880
Capital	17,177	17,176	1
Total	\$1,457,687	\$1,358,943	\$98,744
AFDC Program:			
Extra Items	\$4,000	\$1,668	\$2,332
Foster Care	25,000	7,573	17,427
Total	\$29,000	\$9,241	\$19,759
Medicaid Program:			
County Participation Only	\$792,490	\$736,574	\$55,916
Foster Care	\$20,000	\$5,830	\$14,170
General Assistance	\$2,595	\$1,757	\$838
Aid to Blind	\$5,813	\$1,086	\$4,727
Day Care - County Participation	\$539,412	\$596,383	(\$56,971)
Food Stamp - EBT	\$8,291	\$6,680	\$1,611
Title III - Homemaker:			
Salaries & Employee Benefits	\$53,016	\$60,119	(\$7,103)
Operating Expenses	2,947	2,132	815
Total	\$55,963	\$62,251	(\$6,288)
Work First Jobs Program	\$65,300	\$34,770	\$30,530
Work First Family Assistance	\$1,000		\$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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Supplemental Assistance	\$132,552	\$114,386	\$18,166
Medicaid Transportation Dialysis	\$154,895	\$169,525	(\$14,630)
Crisis Intervention	\$14,292	\$14,812	(\$520)
Adoption Assistance	\$5,348	\$2,360	\$2,988
Energy Assistance - CP&L	\$865	\$1,839	(\$974)
Adult & Youth Services	\$36,000	\$25,691	\$10,309
Long-Term Care Screening	\$11,000	\$8,810	\$2,190
Domestic Violence	\$6,850	\$5,257	\$1,593
Child Protective Service	\$100	\$20	\$80
<i>Total Social Services</i>	\$3,339,453	\$3,156,215	\$183,238
Veterans Service Officer:			
Salaries & Employee Benefits	\$9,464	\$9,028	\$436
Operating Expenses	4,623	2,666	1,957
<i>Total Veterans Service Officer</i>	\$14,087	\$11,694	\$2,393
Rural Transportation	\$44,040	\$58,183	(\$14,143)
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$17,861	\$17,771	\$90
Title V	95,486	78,833	16,653
Transportation	29,335	32,384	(3,049)
SR Services Outreach	5,123	19,121	(13,998)
<i>Total Tri-County Senior Citizens</i>	\$147,805	\$148,109	(\$304)
TOTAL HUMAN SERVICES	\$4,545,107	\$4,253,257	\$291,851

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$26,639	\$26,044	\$595
Operating Expenses	20,530	18,838	1,692
Total	\$47,169	\$44,882	\$2,287
Civic Center:			
Salaries & Employee Benefits	\$2,739	\$2,715	\$24
Operating Expenses	25,566	28,630	(3,064)
Total	\$28,305	\$31,345	(\$3,040)
Interagency Council:			
Operating Expenses	\$3,000	\$4,168	(\$1,168)
Arts Council Appropriation			
	\$1,775	\$1,775	\$0
Libraries Appropriation			
	\$104,574	\$104,575	(\$1)
TOTAL CULTURAL AND RECREATIONAL	\$184,823	\$186,745	(\$1,922)
Education:			
Public Schools:			
Current Expense	\$1,002,388	\$983,127	\$19,261
Forest Receipts	39,262	39,261	1
Capital Outlay	874,998	679,660	195,338
Total	\$1,916,648	\$1,702,048	\$214,600
Community College:			
Salaries & Employee Benefits	\$10,336	\$10,239	\$97
Operating Expenses	47,985	47,982	3
Capital	50,000	50,000	
Total	\$108,321	\$108,221	\$100
TOTAL EDUCATION	\$2,024,969	\$1,810,269	\$214,700
Debt Service:			
Principal Retirement	\$95,372	\$135,370	(\$39,998)
Interest	65,407	65,407	
	\$160,779	\$200,777	(\$39,998)

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
<i>Miscellaneous - County</i>	\$37,900	\$19,419	\$18,481
TOTAL EXPENDITURES	\$10,593,633	\$10,134,240	\$459,394
<i>Revenues Over (Under) Expenditures</i>	(\$1,335,401)	\$340,851	\$1,676,253
OTHER FINANCING SOURCES (USES):			
<i>Transfers (to) from Other Funds:</i>			
Enterprise Fund	\$60,000	\$60,000	
Special Revenue Fund		(25,000)	(\$25,000)
Capital Projects Fund		(198,203)	(198,203)
Total	\$60,000	(\$163,203)	(\$223,203)
Appropriated Fund Balance	\$1,275,401		(\$1,275,401)
Total Other Financing Sources (Uses)	\$1,335,401	(\$163,203)	(\$1,498,604)
NET CHANGE IN FUND BALANCE	\$0	\$177,648	\$177,648
FUND BALANCES:			
Beginning of Year, July 1		6,137,457	
End of Year, June 30		\$6,315,105	

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.

Capital Projects Funds

- *Civic Center Capital Projects Fund* – The County uses this fund to account for the construction /improvement of the Civic Center.
- *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.
- *Courthouse Renovations Capital Projects Fund* – The County uses this fund to account for the construction/improvement of the courthouse.
- *Incubator Building Capital Projects Fund* – The County uses this fund to account for the construction of a shell building within the Industrial Park for economic development.
- *Defense Holdings, Inc. Capital Projects Fund* – The County uses this fund to account for the construction of a building within the Industrial Park for economic development.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds		Total	Rural Center Clean Water Bond Const. Fund
	Property Revaluation Fund	Emergency Telephone System Fund	Non-major Special Revenue Funds	
<u>ASSETS</u>				
Cash and Investments	\$26,165	\$191,532	\$217,697	\$66,378
Accounts Receivable		395	395	
Due From Other Governments		21,681	21,681	
TOTAL ASSETS	\$26,165	\$213,608	\$239,773	\$66,378
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable		\$228	\$228	
Deferred Revenue		7,894	7,894	\$61,437
Total Liabilities	\$0	\$8,122	\$8,122	\$61,437
Fund Balances:				
Reserved by State Statute		\$395	\$395	
Designated for Subsequent Year's Expenditure	\$26,165	205,091	231,256	\$4,941
Total Fund Balances	\$26,165	\$205,486	\$231,651	\$4,941
TOTAL LIABILITIES AND FUND BALANCES	\$26,165	\$213,608	\$239,773	\$66,378

Courthouse Renovations Capital Projects Fund	Incubator Capital Projects Fund	Defense Holdings, Inc. Capital Projects Fund	Total Non-major Capital Projects Funds	Total Non-major Governmental Funds
\$587,735	\$55,955	\$604,755	\$1,314,823	\$1,532,520
		13,784	13,784	14,179
				21,681
\$587,735	\$55,955	\$618,539	\$1,328,607	\$1,568,380
				\$228
			\$61,437	69,331
\$0	\$0	\$0	\$61,437	\$69,559
				\$395
\$587,735	\$55,955	\$618,539	\$1,267,170	1,498,426
\$587,735	\$55,955	\$618,539	\$1,267,170	\$1,498,821
\$587,735	\$55,955	\$618,539	\$1,328,607	\$1,568,380

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2007

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Property Revaluation Fund	Emergency Telephone System Fund	2004 CDBG Scattered Sites Fund	
REVENUES:				
Other Taxes and Licenses		\$93,690		\$93,690
Restricted Intergovernmental		114,120	\$271,217	385,337
Investment Earnings	\$16	2,100		2,116
Miscellaneous		22,238		22,238
Total Revenues	\$16	\$232,148	\$271,217	\$503,381
EXPENDITURES:				
General Government				
Public Safety		\$155,438		\$155,438
Economic & Physical Development			\$271,217	271,217
Cultural and Recreational				
Total Expenditures	\$0	\$155,438	\$271,217	\$426,655
Revenues Over (Under) Expenditures	\$16	\$76,710	\$0	\$76,726
OTHER FINANCING SOURCES (USES):				
Transfers From (To) Other Funds	\$25,000			\$25,000
Jones County - Local Match				
Installment Purchase Obligations Issued				
Total Other Financing Sources (Uses)	\$25,000	\$0	\$0	\$25,000
Net Change in Fund Balances	\$25,016	\$76,710	\$0	\$101,726
FUND BALANCES:				
Beginning of Year, July 1	1,149	128,776		129,925
End of Year, June 30	\$26,165	\$205,486	\$0	\$231,651

Capital Projects Funds					Total	Total
Civic Center Capital Projects Fund	Rural Center Clean Water Bond Const. Fund	Courthouse Renovations Capital Projects Fund	Incubator Capital Projects Fund	Defense Holdings, Inc. Capital Projects Fund	Nonmajor Capital Projects Funds	Nonmajor Governmental Funds
						\$93,690
\$10,600					\$10,600	395,937
104					104	2,220
5,000					5,000	27,238
\$15,704	\$0	\$0	\$0	\$0	\$15,704	\$519,085
		\$25,350			\$25,350	\$25,350
						155,438
	\$12,475		\$44,045	\$324,910	381,430	652,647
\$41,665					41,665	41,665
\$41,665	\$12,475	\$25,350	\$44,045	\$324,910	\$448,445	\$875,100
(\$25,961)	(\$12,475)	(\$25,350)	(\$44,045)	(\$324,910)	(\$432,741)	(\$356,015)
\$19,404		\$25,350		\$29,627	\$74,381	\$99,381
			\$100,000	23,822	123,822	123,822
				890,000	890,000	890,000
\$19,404	\$0	\$25,350	\$100,000	\$943,449	\$1,088,203	\$1,113,203
(\$6,557)	(\$12,475)	\$0	\$55,955	\$618,539	\$655,462	\$757,188
6,557	17,416	587,735			611,708	741,633
\$0	\$4,941	\$587,735	\$55,955	\$618,539	\$1,267,170	\$1,498,821

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, 2007

	Annual Budget	2007 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Investment Earnings		\$16	\$16
Total Revenues	\$0	\$16	\$16
EXPENDITURES:			
<i>General Government:</i>			
Contract Revaluation			
Total Expenditures	\$0	\$0	\$0
Revenues Over (Under) Expenditures	\$0	\$16	\$16
OTHER FINANCING SOURCES			
Operating Transfer In		\$25,000	\$25,000
Appropriated Fund Balance			
Total Other Financing Sources	\$0	\$25,000	\$25,000
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$25,016	\$25,016
FUND BALANCE:			
Beginning of Year, July 1		1,149	
End of Year, June 30		\$26,165	

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, 2007

	Annual Budget	2007 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other Taxes and Licenses:			
911 System Subscriber Fees	\$65,200	\$93,690	\$28,490
Restricted Intergovernmental:			
Wireless 911 Funds	77,420	114,120	36,700
Investment Earnings	300	2,100	1,800
Miscellaneous Revenue		22,238	22,238
Total Revenues	\$142,920	\$232,148	\$89,228
EXPENDITURES:			
<i>Public Safety:</i>			
911	\$65,235	\$73,044	(\$7,809)
Wireless	77,685	82,394	(4,709)
Total Expenditures	\$142,920	\$155,438	(\$12,518)
Revenues Over (Under) Expenditures	\$0	\$76,710	\$76,710
Appropriated Fund Balance			
Revenues and Appropriated Fund Balance Over (Under) Expenditures	\$0	\$76,710	\$76,710
FUND BALANCE:			
<i>Beginning of Year, July 1:</i>			
E-911		\$67,762	
Wireless		61,014	
Beginning of Year Totals		\$128,776	
<i>End of Year, June 30:</i>			
E-911		\$111,696	
Wireless		93,790	
End of Year Totals		\$205,486	

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, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2004 Community Development Block Grant	\$487,500	\$400,320	\$78,953	\$479,273	(\$8,227)
2004 Neighborhood Revitalization	700,000	361,810	192,264	554,074	(145,926)
Total Revenues	\$1,187,500	\$762,130	\$271,217	\$1,033,347	(\$154,153)
EXPENDITURES:					
<i>Current:</i>					
2004 Community Development Block Grant					
Clearance	\$58,580	\$44,830	\$8,100	\$52,930	\$5,650
Administration	33,475	24,725	6,665	31,390	2,085
Relocation	395,445	330,765	\$64,938	395,703	(258)
	\$487,500	\$400,320	\$79,703	\$480,023	\$7,477
2004 Neighborhood Revitalization					
C-1 Acquisition	\$50,000	\$15,325	\$8,550	\$23,875	\$26,125
C-1 Water Improvement	4,800				4,800
Clearance	50,000	26,909	19,585	46,494	3,506
Rehabilitation	22,000	3,500		3,500	18,500
Administration	59,000	36,405	49,520	85,925	(26,925)
C-1 Street Improvement	22,000	1,750		1,750	20,250
Relocation	380,200	172,921	113,859	286,780	93,420
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	\$361,810	\$191,514	\$553,324	\$146,676
Total Expenditures	\$1,187,500	\$762,130	\$271,217	\$1,033,347	\$154,153
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
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, 2007

	Project Authorization	Prior Years	Actual		Variance
			Current Year	Total To Date	Favorable (Unfavorable)
REVENUES:					
<i>Restricted Revenue:</i>					
Legislative Grant	\$150,000	\$150,000		\$150,000	
Bates Foundation Grant			\$10,600	10,600	\$10,600
Donations	109,000	123,105	5,000	128,105	19,105
Interest on Investments		2,805	104	2,909	2,909
TOTAL REVENUES	\$259,000	\$275,910	\$15,704	\$291,614	\$32,614
EXPENDITURES:					
Cultural and Recreational	\$259,000	\$269,353	\$41,665	\$311,018	(\$52,018)
REVENUES OVER (UNDER) EXPENDITURES	\$0	\$6,557	(\$25,961)	(\$19,404)	(\$19,404)
OTHER FINANCING SOURCES:					
Transfer From General Fund			\$19,404	\$19,404	\$19,404
REVENUES OVER (UNDER) EXPENDITURES	\$0	\$6,557	(\$6,557)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			6,557		
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, 2007

	Project Authorization	Prior Years	Actual Current Year	Actual Total To Date	Variance Favorable (Unfavorable)
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	\$12,475	\$263,810	\$17,260
TOTAL EXPENDITURES	\$281,070	\$251,335	\$12,475	\$263,810	\$17,260
REVENUES OVER (UNDER) EXPENDITURES	(\$22,000)	(\$4,584)	(\$12,475)	(\$17,059)	\$4,941
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	(\$12,475)	\$4,941	\$4,941
FUND BALANCES:					
Beginning of Year, July 1			17,416		
End of Year, June 30			\$4,941		

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, 2007

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
EXPENDITURES:					
<i>General Government:</i>					
Architectural Services	\$50,700	12,265	\$25,350	\$37,615	\$13,085
Contract Services	519,300				519,300
Contingency	30,000				30,000
TOTAL EXPENDITURES	\$600,000	\$12,265	\$25,350	\$37,615	\$562,385
REVENUES OVER (UNDER) EXPENDITURES	(\$600,000)	(\$12,265)	(\$25,350)	(\$37,615)	(\$562,385)
OTHER FINANCING SOURCES:					
<i>Transfer From:</i>					
General Fund	\$455,000	\$455,000	\$25,350	\$480,350	(\$25,350)
County Complex Capital Project Reserve Fund	145,000	\$145,000		145,000	
TOTAL OTHER FINANCING SOURCES	\$600,000	\$600,000	\$25,350	\$625,350	(\$25,350)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$0	\$587,735	\$0	\$587,735	(\$587,735)
FUND BALANCES:					
Beginning of Year, July 1			587,735		
End of Year, June 30			\$587,735		

JONES COUNTY, NORTH CAROLINA
INCUBATOR 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, 2007

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2006 Community Development Block Grant	\$350,000				\$350,000
<i>Restricted Revenue:</i>					
Golden Leaf Foundation Grant	300,000				300,000
Total Revenues	\$650,000	\$0	\$0	\$0	\$650,000
EXPENDITURES:					
Construction	\$732,000		\$44,045	\$44,045	\$687,955
Administration	18,000				18,000
Total Expenditures	\$750,000	\$0	\$44,045	\$44,045	\$705,955
Revenues Over (Under) Expenditures	(\$100,000)	\$0	(\$44,045)	(\$44,045)	(\$55,955)
OTHER FINANCING SOURCES:					
General Fund (Local Match)	\$100,000		100,000	\$100,000	
TOTAL OTHER FINANCING SOURCES	\$100,000	\$0	\$100,000	\$100,000	\$0
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$0	\$0	\$55,955	\$55,955	\$55,955
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$55,955		

JONES COUNTY, NORTH CAROLINA
DEFENSE HOLDINGS, INC. 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, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
REVENUES:					
<i>Restricted Revenue:</i>					
Golden Leaf Foundation Grant	\$300,000				\$300,000
Total Revenues	\$300,000	\$0	\$0	\$0	\$300,000
EXPENDITURES:					
Construction	\$1,068,822		\$290,064	\$290,064	\$778,758
Engineering & Architectural	15,000		29,627	29,627	(14,627)
Legal	10,000		1,161	1,161	8,839
Administration	40,000				40,000
Contingency	40,000		4,058	4,058	35,942
Jones - Onslow EMC	40,000				40,000
Total Expenditures	\$1,213,822	\$0	\$324,910	\$324,910	\$888,912
Revenues Over (Under) Expenditures	(\$913,822)	\$0	(\$324,910)	(\$324,910)	(\$588,912)
OTHER FINANCING SOURCES:					
General Fund (Local Match)	\$23,822		\$23,822	\$23,822	
Transfer from General Fund			29,627	29,627	(\$29,627)
Installment Purchase Obligations Issued	890,000		890,000	890,000	
TOTAL OTHER FINANCING SOURCES	\$913,822	\$0	\$943,449	\$943,449	(\$29,627)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$0	\$0	\$618,539	\$618,539	\$618,539
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$618,539		

ENTERPRISE FUND

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

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$709,951	\$729,867	\$19,916
Water Tap Fees	10,000	26,300	16,300
Reconnect Fees	8,000	14,025	6,025
Other Operating Revenues	1,700	4,181	2,481
Total Operating Revenues	\$729,651	\$774,373	\$44,722
NONOPERATING REVENUES:			
Interest Earned on Investment	\$5,000	\$26,539	\$21,539
Total Nonoperating Revenues	\$5,000	\$26,539	\$21,539
Total Revenues	\$734,651	\$800,912	\$66,261
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$90,098	\$87,626	\$2,472
Professional Services	6,110	6,120	(10)
Insurance	59,932	59,207	725
Postage	13,000	11,500	1,500
Supplies	1,000	938	62
Printing	5,000	6,430	(1,430)
Telephone	1,800	1,586	214
Other Operating Expenses	25,627	17,525	8,102
Total	\$202,567	\$190,932	\$11,635
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$181,821	\$164,552	\$17,269
Electric Power	70,000	70,247	(247)
Vehicles Operation & Maintenance	27,000	30,850	(3,850)
Supplies & Materials	10,500	10,925	(425)
Sample Analysis	12,000	5,309	6,691
Other Operating Expenses	82,643	65,216	17,427
Maintenance & Replacement	81,340	200,238	(118,898)
Total	\$465,304	\$547,337	(\$82,033)
Total Operating Expenses	\$667,871	\$738,269	(\$70,398)

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$31,780	\$31,780	\$0
Total Expenditures	\$699,651	\$770,049	(\$70,398)
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$35,000	\$30,863	(\$4,137)
OTHER FINANCING SOURCES (USES):			
Appropriated Fund Balance	\$525,000		(525,000)
Transfer to General Fund	(60,000)	(\$60,000)	
Transfer to Rock Creek Capital Project Fund	(500,000)	(554,651)	(54,651)
Total Other Financing Sources (Uses)	(\$35,000)	(\$614,651)	(\$579,651)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$0	(\$583,788)	(\$583,788)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		(\$583,788)	
Reconciling Items:			
Capital Outlay		\$31,780	
Gain on Sale of Asset		7,975	
Vacation Accrual		(994)	
Depreciation		(220,822)	
Transfer to Enterprise Capital Project Fund		554,651	
Interest Earned on Water Capital Reserve		4,326	
Total Reconciling Items		\$376,916	
Change in Net Assets		(\$206,872)	

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, 2007

	Budget	2007 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earned on Investments		\$4,326	\$4,326
EXPENDITURES:			
		\$0	\$0
REVENUES OVER (UNDER) EXPENDITURES	\$0	\$4,326	\$4,326
OTHER FINANCING SOURCES:			
Transfer from Water Fund			\$0
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$0	\$4,326	\$4,326
FUND BALANCES:			
Beginning of Year, July 1		302,961	
End of Year, June 30		\$307,287	

JONES COUNTY, NORTH CAROLINA
ROCK CREEK WATER PROJECT - ENTERPRISE CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total To Date	
EXPENDITURES:					
Construction	\$1,230,300		\$975,259	\$975,259	\$255,041
Engineering	67,500		148,299	148,299	(80,799)
Inspection	40,000				40,000
Preliminary Engineering Report	15,000				15,000
Environmental Assessment	5,000				5,000
Legal	15,000				15,000
Permit Fees	2,000				2,000
Interest Expense	10,000				10,000
Additional Services	4,500		5,429	5,429	(929)
Contingency	62,700				62,700
Total Expenditures	\$1,452,000	\$0	\$1,128,987	\$1,128,987	\$323,013
Revenues Over (Under) Expenditures	(\$1,452,000)	\$0	(\$1,128,987)	(\$1,128,987)	(\$323,013)
OTHER FINANCING SOURCES:					
Water Fund (Local Match)	\$500,000		\$500,000	\$500,000	
Water Fund (In-Kind Labor)	452,000		54,651	54,651	\$397,349
Installment Purchase Obligations Issued	500,000				500,000
TOTAL OTHER FINANCING SOURCES	\$1,452,000	\$0	\$554,651	\$554,651	\$897,349
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES					
	\$0	\$0	(\$574,336)	(\$574,336)	(\$574,336)
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			(\$574,336)		

AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

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

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

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

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2007

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services Fund:				
Assets, Cash and Investments	\$20,786	\$43,062	\$43,921	\$19,927
Liabilities, Accounts Payable	\$20,786	\$43,062	\$43,921	\$19,927
Fines and Forfeitures Fund:				
Assets, Cash and Investments	\$364	\$95,399	\$95,242	\$521
Accounts Receivable	11,431	9,230	11,431	9,230
Total	\$11,795	\$104,629	\$106,673	\$9,751
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$11,431	\$87,399	\$89,600	\$9,230
Intergovernmental Payable - State of North Carolina	364	5,800	5,643	521
Total Liabilities	\$11,795	\$93,199	\$95,243	\$9,751
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$6,744	\$266,662	\$266,228	\$7,178
Liabilities, Intergovernmental Payables	\$6,744	\$266,662	\$266,228	\$7,178
Agricultural Extension Fund:				
Assets, Cash and Investments	\$26,740	\$11,967	\$14,425	\$24,282
Liabilities, Intergovernmental Payables	\$26,740	\$11,967	\$14,425	\$24,282
Totals - All Agency Funds:				
Assets, Cash	\$54,634	\$417,090	\$419,816	\$51,908
Accounts Receivable	11,431	9,230	11,431	9,230
	\$66,065	\$426,320	\$431,247	\$61,138
Liabilities and Payables	\$66,065	\$414,890	\$419,817	\$61,138

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, 2007

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2006	Additions	Collections and Credits	Uncollected Balance June 30, 2007
2006-07		\$4,506,722	\$4,264,210	\$242,512
2005-06	\$279,810		\$233,564	46,246
2004-05	49,078		25,902	23,176
2003-04	28,528		9,979	18,549
2002-03	25,356		9,673	15,683
2001-02	21,467		8,300	13,167
2000-01	20,840		4,398	16,442
1999-00	16,887		3,454	13,433
1998-99	12,313		3,416	8,897
1997-98	10,575		2,463	8,112
1996-97	6,471		6,471	
1995-96	7,332		7,332	
	\$478,657	\$4,506,722	\$4,579,162	\$406,217
Less: Allowance for Uncollectible Ad Valorem Taxes				(16,500)
Plus: Uncollected 2006-2007 Ad Valorem Taxes Receivable Vehicles				64,731
Ad Valorem Taxes Receivable - Net				\$454,448
Reconcilement with Revenue:				
Taxes - Ad Valorem - General Fund				\$4,610,149
<i>Reconciling Items:</i>				
Discounts Allowed				\$16,402
Taxes Written Off				14,803
Penalties and Interest Collected				(73,179)
Prior Year Releases				10,987
Total Reconciling Items				(\$30,987)
Total Collections and Credits				\$4,579,162

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2007

	County-Wide		Total Levy		
			Property	Property	
	Property Valuation	Rate	Amount of Levy	Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property and Motor Vehicles Taxed at Current Year's Rate	\$657,356,364	0.66	\$4,338,552	\$4,015,942	\$322,610
Property and Motor Vehicles Taxed at Prior Year's Rate	24,400,171	0.79	192,763		192,763
Total Original Levy	\$681,756,535		\$4,531,315	\$4,015,942	\$515,373
Discoveries:					
Current Year Taxes	\$5,826,673		\$32,270	\$32,270	
Abatements	(\$8,615,606)		(\$56,863)	(\$56,863)	
Total Property Valuation	\$678,967,602				
Net Levy			\$4,506,722	\$3,991,349	\$515,373
Uncollected Taxes at June 30, 2007			242,512	144,103	98,409
Current Year's Taxes Collected			\$4,264,210	\$3,847,246	\$416,964
Current Levy Collection Percentage			94.62%	96.39%	80.91%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2007

Taxpayer	Type of Business	2006 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$19,815,997	2.92%
Jones - Onslow EMC	Utility	\$16,388,945	2.41%
Brown's Realty Partnership	Real Estate	\$9,880,165	1.46%
Jones County Cotton Gin	Agricultural	\$7,061,752	1.04%
Progress Energy	Utility	\$5,045,479	0.74%
Carolina Telephone & Telegraph Company	Utility	\$4,760,338	0.70%
Eastern NC Broadcasting Corporation	Broadcasting	\$4,430,223	0.65%
Brunswick Timber LLC	Timber	\$2,942,724	0.43%
ECIM Properties LLC	Real Estate Rental	\$2,870,689	0.42%
Brown's Farms LLC	Agricultural	\$2,250,259	0.33%

COMPLIANCE SECTION



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

To the Board of County Commissioners
Jones County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated January 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Jones County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of significant deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as Finding 07-1, Finding 07-2, and Finding 07-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 07-1, Finding 07-2, and Finding 07-3 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

January 8, 2008



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

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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

January 8, 2008



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

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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

January 8, 2008

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2007

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 X
- Significant deficiency(s) identified that are not considered to be material weaknesses X

Noncompliance material to financial statements noted X

Federal Awards

Internal control over major programs:

- Material weakness(es) identified X
- Significant deficiency(s) identified that are not considered to be material weaknesses X None reported

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 X

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 \$351,150

Auditee qualified as low-risk auditee X

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2007

<u>State Awards</u>	<u>YES</u>	<u>NO</u>	
Internal control over major State programs:			
• Material weakness(es) identified	_____	X _____	
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____	X _____	None reported
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 07-1 - REPORTING

MATERIAL WEAKNESS

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

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

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

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

Recommendation: The County may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function.

Views of Responsible Officials and Planned Corrective Action:

The County agrees with the finding and will ensure appropriate employees will attend training to gain technical knowledge and will continue to outsource the preparation of the financial statements.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2007

FINDING 07-2 - REPORTING

MATERIAL WEAKNESS

Criteria: County personnel should adjust account balances to reflect appropriate year-end balances.

Condition: Numerous accounts had not been adjusted to reflect appropriate year-end balances. Some of the unrecorded adjustments were, in our judgment, material to the financial statements.

Effect: The financial statements could include material misstatements.

Cause: The County has procedures in place which require and expect that accounts will be adjusted to reflect appropriate year-end balances. These procedures were not followed and all accounts were not adjusted to appropriate year-end balances.

*Views of Responsible
 Officials and Planned
 Corrective Action:*

The County agrees with the finding and procedures will be reviewed. Also, all accounts will be reviewed before year end to ensure adjustments are made.

FINDING 07-3 - BUDGET OVER EXPENDITURES

MATERIAL WEAKNESS

MATERIAL 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: Expenditures made in several departments in various County Funds exceeded the appropriations made by the governing board.

Effect: Moneys were spent that had not been appropriated by the Board.

Cause: The County did not amend the budget line items for changes occurring through the year not anticipated in the initial adoption of the budget ordinances. Required budget amendments needed to account for these transactions were not submitted to the board for amendment before year-end.

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

*Views of Responsible
 Officials and Planned
 Corrective Action:*

The County agrees with the finding. The Board will be given monthly budget reports for review. Budget amendments will be made as necessary prior to expenditures being incurred.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

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, 2007

FINANCIAL STATEMENT FINDINGS**FINDING: 07-1**

- A. Name of Contact Person: Tina Meadows, Finance Officer
- B. Corrective Action: The County will provide training for appropriate employees and will continue to outsource financial statement preparation.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 07-2

- A. Name of Contact Person: Tina Meadows, Finance Officer
- B. Corrective Action: Finance Officer plans to make all required year end adjustments in the future.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 07-3

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

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2007

FINDING 06-1

(Budget Overexpenditure)

STATUS:

Corrected.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS				
U.S. DEPARTMENT OF AGRICULTURE:				
Food and Nutrition Service:				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
<i>Administered by County Dept. of Social Services:</i>				
Food Stamp Program - Noncash	10.551	\$1,203,085		
State Administrative Matching Grants for the Food Stamp Program	10.561	111,203		\$111,203
Total Food Stamp Cluster		\$1,314,288	\$0	\$111,203
<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	\$58,394		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	110,751		
		\$169,145	\$0	\$0
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$5,341		
Nutrition Program for the Elderly-C2	10.570	4,836		
		\$10,177	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.570	\$13,166		
		\$13,166	\$0	\$0
Total U.S. Department of Agriculture		\$1,506,776	\$0	\$111,203

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<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	\$79,273		
Small Cities - Concentrated Need	14.228	192,264		
Total U.S. Department of Housing and Urban Development		\$271,537	\$0	\$0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Division of Emergency Management:				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	83.552	\$11,460		\$25,338
Total U.S. Department of Homeland Security		\$11,460	\$0	\$25,338
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Aging Cluster:				
<i>Administered by County Finance Department:</i>				
Special Programs for the Elderly-				
Title III C-Nutritional Services (Congregate)	93.045	\$24,119	\$20,192	\$4,921
Title III C-Nutritional Services (Home Delivered Meals)	93.045	18,436	15,827	3,807
In-Home Aide			25,244	2,806
Operation Fan			131	
Health Promotions	93.043		653	
Total Aging Cluster		\$42,555	\$62,047	\$11,534
<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	\$39,553		\$595
Bioterrorism	93.283	64,260		
		\$103,813	\$0	\$595

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
Administration for Children and Families:				
Passed Through NC Department of Health and Human Services:				
Division of Social Services:				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$29,257		\$21,866
Work First Service	93.558	108,114		63,459
Work First/TANF-Direct Benefit Payments	93.558	91,381		
		\$228,752	\$0	\$85,325
NC Child Support Enforcement Section	93.563	\$110,305	\$0	\$56,823
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$3,377		
Crisis Intervention Program	93.568	13,046		
Energy Assistance Payments-Direct Benefit Payments	93.568	50,704		
		\$67,127	\$0	\$0
Adoption Subsidy-Direct Benefit Payments	93.645		\$1,260	\$1,260
		\$0	\$1,260	\$1,260
Passed Through NC Department of Health and Human Services:				
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care-Administration	93.658	\$52,304	\$14,911	\$36,721
Foster Care-Direct Benefit Payments	93.658	4,198	1,154	1,154
Adoption Assistance-Direct Benefit Payments	93.659	8,489	2,360	2,360
Total Foster Care and Adoption Cluster		\$64,991	\$18,425	\$40,235
Social Services Block Grant	93.667	\$56,976	\$20,254	\$137,094
Division of Child Development:				
Subsidized Child Care Cluster:				
<i>Administered by County Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	\$229,681		
Child Care and Development Fund-Discretionary	93.575	87,605		
Social Service Block Grant	93.667	3,855		
Child Care and Development Fund-Mandatory	93.596	99,792		
Child Care and Development Fund-Match	93.596	25,217		
Smart Start			\$39,847	
TANF-MOE Daycare			64,725	
Total Subsidized Child Care Cluster		\$446,150	\$104,572	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2007

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>				
<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	\$163,325	\$7,642	\$155,983
Medicaid Reimbursement Projects - Transportation	93.778	98,324	30,514	40,686
Direct Benefit Payments:				
Medical Assistance Program	93.778	8,410,343	4,249,949	
		\$8,671,992	\$4,288,105	\$196,669
<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	\$5,549		
Maternal and Child Health Services Block Grant	93.994	94,889		\$14,033
		\$100,438	\$0	\$14,033
<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	\$6,207		
Preventive Health and Health Services Block Grant - Health Promotions	93.991	15,907	\$9,518	
		\$22,114	\$9,518	\$0
Total U.S. Department of Health and Human Services		\$9,915,213	\$4,504,181	\$543,568
TOTAL FEDERAL ASSISTANCE		\$11,704,986	\$4,504,181	\$680,109
STATE PROGRAMS				
<u>OFFICE OF THE GOVERNOR:</u>				
Division of Veteran Affairs:				
<i>Administered by County Veterans Services:</i>				
Veteran Affairs		\$0	\$2,000	\$9,694

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	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			\$84,497	
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$114,386	
<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			21,598	
Food and Lodging			1,845	
Communicable Disease Prevention			9,768	
Kate B. Reynolds			24,795	
Long-Term Care Screening			8,810	
Carolina Power & Light			1,839	
Scrap Tire Disposal			16,222	
Aids and HIV/STD			34,772	
Tuberculosis			4,631	
Golden Leaf Grant			42,823	
		\$0	\$179,502	\$0
Division of Natural Resources:				
<i>Administered by County Department of Soil and Water Conservation:</i>				
Soil and Water Conservation			\$34,760	\$44,284
Total NC Department of Health and Human Services		\$0	\$413,145	\$44,284
<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			\$44,173	\$0
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)			\$98,304	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
 For The Fiscal Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant		\$0	\$3,100	\$0
<u>NC TOBACCO TRUST FUND COMMISSION:</u>				
RAFI Grant		\$0	\$1,540	\$0
TOTAL STATE ASSISTANCE		\$0	\$562,262	\$53,978
TOTAL FEDERAL AND STATE ASSISTANCE		\$11,704,986	\$5,066,443	\$734,087

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, Aging, Subsidized Child Care, and Foster Care and Adoption.