

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2017

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Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2017

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

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Frank Emory
Chairman

Mike Haddock

Zack Koonce

Sondra Ipock Riggs

Joseph F. Wiggins

COUNTY OFFICIALS

Franky Howard
County Manager

Samuel Croom
Tax Supervisor/Collector

Brenda Reece
Finance Officer

Susan Gray
Register of Deeds

Chris Harper
Social Services Director

Danny Heath
Sheriff

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Jones County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Jones County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the Local Government Employees’ Retirement System’s Schedules of the County’s Proportionate Share of the Net Pension Asset and County Contributions, the Register of Deeds’ Supplemental Pension Fund Schedule of the County’s Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers’ Special Separation Allowance Schedules of Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Payroll on pages 3 through 10, 59 through 60, 61 through 62, and 63 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017, on our consideration of Jones County’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County’s internal control over financial reporting and compliance.

Barrow, Parris & Davenport, P.A.

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

November 8, 2017

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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

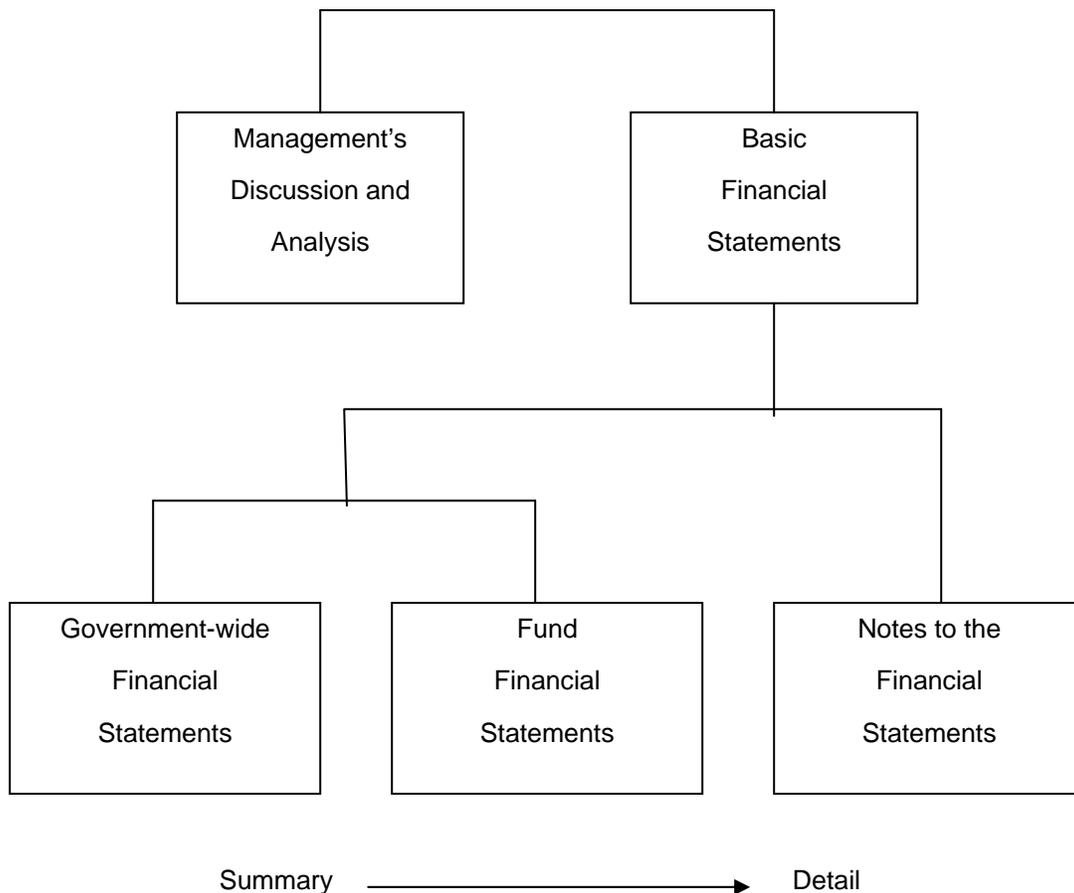
- The assets and deferred outflows of resources of Jones County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,255,729 (*net position*).
- The government's total net position increased by \$3,744,008, primarily due to increased net position in the governmental funds resulting from the receipt of grant funds from the State of North Carolina for school construction.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general and special revenue funds) reported combined ending fund balances of \$18,324,802, an increase of \$1,279,589 in comparison with the prior year. At June 30, 2017, approximately 77.03% of this total amount or \$14,115,168 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,144,855, or 22.55% of total general fund expenditures for the fiscal year.
- Jones County's total debt decreased by \$487,177 (8.56%) during the current fiscal year. The County incurred no new debt during the fiscal year. One loan from Jones-Onslow EMC for the purpose of constructing a building in the Industrial Park was satisfied during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jones County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Jones County.

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Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

Basic Financial Statements

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

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jones County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All 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. Thus, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Jones County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$33,255,729 as of June 30, 2017. The County's net position increased by \$3,744,008 for the fiscal year ended June 30, 2017. One of the largest portions \$13,671,030 (41.11%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net position \$14,165,063 (42.59%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,419,636 (16.30%) is unrestricted.

Jones County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$19,912,585	\$18,706,245	\$3,433,941	\$3,130,542	\$23,346,526	\$21,836,787
Capital assets	9,215,933	7,099,867	7,725,248	7,889,469	16,941,181	14,989,336
Total assets	\$29,128,518	\$25,806,112	\$11,159,189	\$11,020,011	\$40,287,707	\$36,826,123
Total deferred outflows of resources	\$1,180,330	\$239,026	\$82,969	\$19,594	\$1,263,299	\$258,620
Current Liabilities	\$819,266	\$661,220	\$188,611	\$219,926	\$1,007,877	\$881,146
Long-Term Liabilities	5,031,910	4,228,151	2,143,366	2,203,361	7,175,276	6,431,512
Total liabilities	\$5,851,176	\$4,889,371	\$2,331,977	\$2,423,287	\$8,183,153	\$7,312,658
Total deferred inflows of resources	\$107,579	\$193,966	\$5,545	\$19,166	\$113,124	\$213,132
Net position:						
Net investment in capital assets	\$7,943,303	\$5,787,444	\$5,727,727	\$5,751,616	\$13,671,030	\$11,539,060
Restricted	14,137,652	12,856,724	27,411	27,389	14,165,063	12,884,113
Unrestricted	2,270,138	2,317,633	3,149,498	2,818,147	5,419,636	5,135,780
Total net position	\$24,351,093	\$20,961,801	\$8,904,636	\$8,597,152	\$33,255,729	\$29,558,953

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

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

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection percentage of 97.53% which has increased compared to last year's collection rate of 96.93%.
- Jones County Administration, including all department heads and employees, has strived to reduce spending to stay in line with reduced revenues.
- Jones County has also begun utilizing an outside collection agency to collect outstanding utility bills.

Jones County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$1,341,634	\$1,227,079	\$1,413,013	\$1,322,513	\$2,754,647	\$2,549,592
Operating grants and contributions	3,500,985	3,585,777		375,315	3,500,985	3,961,092
Capital grants and contributions	3,282,088	11,103,402			3,282,088	11,103,402
General revenues:						
Property taxes	6,778,818	6,715,540			6,778,818	6,715,540
Other taxes	1,854,181	1,362,264			1,854,181	1,362,264
Grants and contributions not restricted to specific programs	142,774	109,604			142,774	109,604
Other	163,827	29,962	70	4,794	163,897	34,756
Total revenues	\$17,064,307	\$24,133,628	\$1,413,083	\$1,702,622	\$18,477,390	\$25,836,250
Expenses:						
General government	\$2,471,680	\$2,304,192			\$2,471,680	\$2,304,192
Public safety	3,857,415	3,599,018			3,857,415	3,599,018
Environmental Protection	606,627	591,886			606,627	591,886
Economic and physical development	344,263	397,720			344,263	397,720
Human services	3,801,455	3,782,491			3,801,455	3,782,491
Cultural and recreation	341,504	262,575			341,504	262,575
Education	2,307,040	2,300,983			2,307,040	2,300,983
Interest on long-term debt	57,374	58,614			57,374	58,614
Water			\$1,210,024	\$1,632,618	1,210,024	1,632,618
Total expenses	\$13,787,358	\$13,297,479	\$1,210,024	\$1,632,618	\$14,997,382	\$14,930,097
Increase in net position before transfers and special item	\$3,276,949	\$10,836,149	\$203,059	\$70,004	\$3,480,008	\$10,906,153
Special Item - Capital Contribution from Town of Pollocksville			264,000		264,000	
Transfers	159,575	129,552	(159,575)	(129,552)		
Increase (Decrease) in net position	\$3,436,524	\$10,965,701	\$307,484	(\$59,548)	\$3,744,008	\$10,906,153
Net position, beginning, previously reported	20,961,801	9,996,100	8,597,152	8,656,700	29,558,953	18,652,800
Restatement	(47,232)				(47,232)	
Net position, beginning, restated	20,914,569	9,996,100	8,597,152	8,656,700	29,511,721	18,652,800
Net position, ending	\$24,351,093	\$20,961,801	\$8,904,636	\$8,597,152	\$33,255,729	\$29,558,953

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

Governmental Activities. Governmental activities increased the County's net position by \$3,436,524 compared to an increase of \$10,965,701 in 2016. Key elements of the increase in 2017 are as follows:

- The County received \$3,000,000 from the State of North Carolina for school construction and earned \$69,107 in interest income on these funds. Expenditures totaled \$1,985,661 resulting in a net increase of \$1,083,446 in fund balance.
- The Board of County Commissioners has continued to operate the County within a lean and conservative budget.
- Monthly review of the year-to-date expenditures by the Finance Officer and the County Manager have ensured that the County remained within the approved operating budget.

Business-type activities: Business-type activities increased Jones County's net position by \$307,484 compared to a decrease of \$59,548 in 2016. Key elements of this increase in 2017 are as follows:

- The County received a capital contribution from the Town of Pollocksville in the amount of \$264,000.
- Continued diligence in water and sewer revenue collections.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, Jones County's fund balance available in the General Fund was \$5,013,180, while total fund balance reached \$6,190,674. Of this fund balance available, \$887,001 is restricted, \$409,634 is committed, and \$571,690 is assigned, leaving \$3,144,855 unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22.55% of total General Fund expenditures, while total fund balance represents 44.38% of that same amount. The Governing Body of Jones County has determined that the county should maintain an available fund balance between 18% and 24% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2017, Jones County is within the range established by the Board.

At June 30, 2017, the governmental funds of Jones County reported a combined fund balance of \$18,324,802 compared to \$17,045,213 at June 30, 2016. The primary reason for this increase is the school construction grant-in-aid received from the State of North Carolina.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$1,195,736.

Proprietary Funds. Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$3,149,498. The total increase in net position was \$307,484. Other factors concerning the finances of this fund have already been addressed in the discussion of Jones County's business-type activities.

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

Capital Asset and Debt Administration

Capital assets. Jones County's capital assets for its governmental and business – type activities as of June 30, 2017, totals \$16,941,181 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County received a capital contribution in the amount of \$264,000 from the Town of Pollockville for its sewer system.
- The County purchased a bulk fuel tank and station at a cost of \$158,069.
- Construction in progress for the new school totaled \$1,985,661.
- The County has begun to develop and design a new water treatment plant for Jones County Water System. This is in response to the requirement to reduce our use of the Black Creek Aquifer. Jones County was approved for a \$2 million grant and \$6 million loan through the USDA Rural Development to complete this project.

Jones County's Capital Assets
 (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$548,351	\$544,323	\$54,808	\$54,808	\$603,159	\$599,131
Buildings and system	5,511,064	5,545,922	7,579,378	7,730,129	13,090,442	13,276,051
Machinery and equipment	1,008,464	897,081	83,106	104,532	1,091,570	1,001,613
Infrastructure	109,497	112,541			109,497	112,541
Construction in Progress	2,038,557		7,956		2,046,513	
Total	\$9,215,933	\$7,099,867	\$7,725,248	\$7,889,469	\$16,941,181	\$14,989,336

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

Long-term Debt.

Jones County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Installment Purchases	\$3,203,397	\$3,550,242	\$1,997,521	\$2,137,853	\$5,200,918	\$5,688,095
Compensated Absences	346,959	347,499	50,789	47,737	397,748	395,236
Net Pension Liability (LGERS)	1,355,136	264,969	95,056	17,771	1,450,192	282,740
Net Pension Liability (LEOSSA)	126,418	65,441			126,418	65,441
	\$5,031,910	\$4,228,151	\$2,143,366	\$2,203,361	\$7,175,276	\$6,431,512

Jones County's total debt decreased by \$487,177 (8.56%) during the past fiscal year. The County incurred no new debt during the fiscal year. The County satisfied a loan with Jones-Onslow EMC this year.

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

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 \$66,694,267. At June 30, 2017, Jones County had general obligations and capitalized leases outstanding of \$5,200,918 that are to be considered within the legal debt margin. Additional information regarding Jones County's long-term debt can be found in note III. (B) (6) beginning on page 52 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- As of June 30, 2017, the County unemployment rate was 4.1%. This is just below the State average of 4.2%. Jones County has a labor force of 4,383 with only 186 that are unemployed.
- Jones County Economic Development is partnering in the development of a new Industrial Park north of Pollocksville on Highway 17. This project has brought 36 new jobs and a total private investment of over \$1.5 million. Over \$2 million in grants have been secured to expand water and sewer to this project. Jones County officially closed out this project during fiscal year 2017.
- Highway 17 improvements are fully funded, and construction has begun. This will be a four lane highway 17 from the Onslow County line up to the Craven County line. Construction began in 2015, and right-of-way decisions are still underway with property owners along the corridor. As of June 30, 2017, the project is ahead of schedule. The highway should be open for traffic by 2020.
- As of June 30, 2017, total building permits issued were 609. This was up from the 560 that were issued as of June 30, 2016.
- The County plans to seek financing approval from the Local Government Commission in the upcoming fiscal year for the school construction project.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: The County increased its property tax rate to .84 for 2018. The County continues to strive to keep a lean budget and is making every effort to increase the collection rate county wide. Part of this increase, 3 cents, was for legal and implementation expenses associated with a Voting Rights Act lawsuit filed in February 2017. Jones County has a court order to establish Voting Districts for County Commissioner elections starting with the 2018 Election year.

Business – type Activities: Water Enterprise operating expenses will remain relatively level. There have been cuts in overhead cost; however, that is offset by budgeted set asides for future construction needs. Tap fees have been adjusted to better offset the actual cost involved with installing new services. A new tiered rate structure was implemented that will help to promote water conservation. This will also make the water system more eligible for future grants. Plans are also underway to develop an alternative water supply for Jones County using the Castle Hayne Aquifer. This will give Jones County three water sources to ensure that the County is prepared to provide water to customers and citizens long term.

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, Trenton, NC 28585. You can also call (252) 448-7571 or visit our website at www.jonescountync.gov for more information.

BASIC FINANCIAL STATEMENTS

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$5,696,692	\$3,016,853	\$8,713,545	\$51,129
Receivables (Net)	700,794	196,114	896,908	
Due From Other Governments	686,859		686,859	
Inventories	925	70,463	71,388	137,418
Prepaid Items				8,659
Restricted Cash and Cash Equivalents	12,253,458	150,511	12,403,969	
Net Pension Asset	15,607		15,607	
Notes Receivable:				
Due Within One Year	214,134		214,134	
Due in More Than One Year	344,116		344,116	
Capital Assets:				
Land, Improvements, and Construction in Progress	548,352	62,764	611,116	
Other Capital Assets, Net of Depreciation	8,667,581	7,662,484	16,330,065	25,670
Total Capital Assets	\$9,215,933	\$7,725,248	\$16,941,181	\$25,670
Total Assets	\$29,128,518	\$11,159,189	\$40,287,707	\$222,876
Deferred Outflows of Resources	\$1,181,330	\$82,969	\$1,264,299	\$23,205
Liabilities:				
Accounts Payable and Accrued Expenses	\$805,452	\$65,511	\$870,963	\$91,027
Accrued Interest Payable	13,814		13,814	
Liabilities to be Paid From Restricted Assets		123,100	123,100	
Long-term Liabilities:				
Due within one year	331,572	147,577	479,149	
Due in more than one year	3,218,784	1,900,733	5,119,517	
Net Pension Liability - LGERS	1,355,136	95,056	1,450,192	24,618
Total Pension Liability - LEOSSA	126,418		126,418	
Total Long-term Liabilities	\$5,031,910	\$2,143,366	\$7,175,276	\$24,618
Total Liabilities	\$5,851,176	\$2,331,977	\$8,183,153	\$115,645
Deferred Inflows of Resources	\$107,579	\$5,545	\$113,124	\$2,657
Net Position:				
Net Investment In Capital Assets	\$7,943,303	\$5,727,727	\$13,671,030	\$25,669
Restricted For:				
Register of Deeds	56,002		56,002	
Register of Deeds Pension Plan	23,409		23,409	
Public Safety	1,317		1,317	
Environmental Protection	27,960		27,960	
Education	12,699,452		12,699,452	
Stabilization by State Statute	1,176,569		1,176,569	
Human Services	74,171		74,171	
Working Capital				31,230
USDA Loan Payments	78,772	27,411	106,183	
Unrestricted	2,270,138	3,149,498	5,419,636	70,880
Total Net Position	\$24,351,093	\$8,904,636	\$33,255,729	\$127,779

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$2,471,680	\$188,233	\$34,028	
Public Safety	3,857,415	633,289	118,898	\$86,791
Environmental Protection	606,627	450,351	37,084	
Economic and Physical Development	344,263	42,622	99,039	
Human Services	3,801,455	22,936	3,156,543	
Cultural and Recreation	341,504	4,203		52,895
Education	2,307,040		55,393	3,142,402
Interest on Long-Term Debt	57,374			
Total Governmental Activities	\$13,787,358	\$1,341,634	\$3,500,985	\$3,282,088
Business-type Activity:				
Water	\$1,210,024	\$1,413,013		
Total Business-type Activities	\$1,210,024	\$1,413,013	\$0	\$0
	\$14,997,382	\$2,754,647	\$3,500,985	\$3,282,088
Component Units:				
ABC Board	\$1,020,052	\$1,047,546		
Total Component Unit	\$1,020,052	\$1,047,546	\$0	\$0

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

Total General Revenues Excluding Special Items and Transfers

Special Item - Capital Contribution from Town of Pollocksville

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position, Beginning, Previously Reported

Restatement

Net Position, Beginning, Restated

NET POSITION, ENDING

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	Major <u>General</u>	Major School Construction <u>Fund</u>	Non-Major Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$5,694,275		\$2,417	\$5,696,692
Restricted Cash	120,647	\$12,049,356	83,455	12,253,458
Receivables, Net	601,218		7,153	608,371
Due From Other Governments	636,846		50,013	686,859
Due From Other Funds	25,013			25,013
Current Portion-Notes Receivable	214,134			214,134
Inventories	925			925
Notes Receivable	344,116			344,116
TOTAL ASSETS	<u>\$7,637,174</u>	<u>\$12,049,356</u>	<u>\$143,038</u>	<u>\$19,829,568</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable and Accrued Liabilities	\$777,994		\$27,458	\$805,452
Due to Other Funds			25,013	25,013
Total Liabilities	<u>\$777,994</u>	<u>\$0</u>	<u>\$52,471</u>	<u>\$830,465</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$668,506</u>	<u>\$0</u>	<u>\$5,795</u>	<u>\$674,301</u>
<i>Fund Balances:</i>				
Nonspendable:				
Inventories	\$925			\$925
Restricted:				
Stabilization by State Statute	1,176,569			1,176,569
Register of Deeds	56,002			56,002
Fire Protection			\$1,317	1,317
Health Department	74,171			74,171
White Goods	27,960			27,960
School Capital	650,096	\$12,049,356		12,699,452
USDA Loan Payments	78,772			78,772
Committed:				
Economic Development	409,634			409,634
Tax Revaluation			83,455	83,455
Assigned:				
Long-Term Screening	119,200			119,200
Soil Conservation	10,110			10,110
Subsequent Year's Expenditures	442,380			442,380
Unassigned	3,144,855			3,144,855
Total Fund Balances	<u>\$6,190,674</u>	<u>\$12,049,356</u>	<u>\$84,772</u>	<u>\$18,324,802</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$7,637,174</u>	<u>\$12,049,356</u>	<u>\$143,038</u>	

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

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

Total Fund Balance, Governmental Funds	\$18,324,802
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,215,933
Net pension asset	15,607
Contributions to pension plans in the current fiscal year that are deferred outflows of resources on the Statement of Net Position	298,090
Benefit payments and pension administration costs for LEOWSA are deferred outflows of resources on the Statement of Net Position	180
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	92,423
Net pension liability	(1,355,136)
Total pension liability	(126,418)
Deferred inflows of resources for taxes and special assessments receivable	650,553
Pension related deferrals	799,229
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(3,564,170)
Net Position of Governmental Activities	<u>\$24,351,093</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, 2017

	<u>Major</u>	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Ad Valorem Taxes	\$6,650,724		\$145,592	\$6,796,316
Local Option Sales Taxes	1,715,701		1,317	1,717,018
Other Taxes and Licenses	137,163			137,163
Unrestricted Intergovernmental	142,774			142,774
Restricted Intergovernmental	3,913,712	\$3,000,000	92,657	7,006,369
Permits and Fees	170,785			170,785
Sales and Services	963,826			963,826
Investment Earnings	44,397	69,107		113,504
Miscellaneous	244,450			244,450
TOTAL REVENUES	\$13,983,532	\$3,069,107	\$239,566	\$17,292,205
EXPENDITURES:				
<i>Current:</i>				
General Government	\$2,223,113		\$38,762	\$2,261,875
Public Safety	3,612,695		145,592	3,758,287
Environmental Protection	617,085			617,085
Economic and Physical Development	351,638		1,000	352,638
Human Services	3,795,122			3,795,122
Cultural and Recreational	316,991		52,895	369,886
Miscellaneous-County	319,966			319,966
<i>Intergovernmental:</i>				
Education	2,307,040	\$1,985,661		4,292,701
<i>Debt Service:</i>				
Principal	346,844			346,844
Interest	57,787			57,787
Total Expenditures	\$13,948,280	\$1,985,661	\$238,249	\$16,172,191
Excess (Deficiency) of Revenues Over Expenditures	\$35,251	\$1,083,446	\$1,317	\$1,120,014
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds	\$159,575		\$25,000	\$184,575
Transfers to Other Funds	(25,000)			(25,000)
Total Other Financing Sources (Uses)	\$134,575	\$0	\$25,000	\$159,575
Net Change in Fund Balance	\$169,826	\$1,083,446	\$26,317	\$1,279,589
<i>Fund Balances, Beginning</i>	6,020,848	10,965,910	58,455	17,045,213
FUND BALANCES, ENDING	\$6,190,674	\$12,049,356	\$84,772	\$18,324,802

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, 2017

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

Net changes in fund balances - total governmental funds	\$1,279,589
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.	2,116,406
Costs of capital assets disposed of during the year, not recognized on modified accrual basis	(340)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	298,090
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	180
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(231,405)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	346,845
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.	<u>(372,841)</u>
Total Changes in Net Position of Governmental Activities	<u><u>\$3,436,524</u></u>

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$6,488,258	\$6,593,258	\$6,650,724	\$57,466
Local Option Sales Tax	1,191,000	1,406,000	1,715,701	309,701
Other Taxes and Licenses	190,000	190,000	137,163	(52,837)
Unrestricted Intergovernmental	130,000	130,000	142,774	12,774
Restricted Intergovernmental	4,012,498	4,047,665	3,913,712	(133,953)
Permits and Fees	436,250	229,953	170,785	(59,168)
Sales and Services	468,860	933,600	963,826	30,226
Investment Earnings	12,000	36,000	44,397	8,397
Miscellaneous	178,806	399,313	244,450	(154,863)
Total Revenues	\$13,107,672	\$13,965,789	\$13,983,532	\$17,743
Expenditures:				
<i>Current:</i>				
General Government	\$2,375,416	\$2,448,612	\$2,223,113	\$225,499
Public Safety	3,599,753	3,797,207	3,612,695	184,512
Environmental Protection	514,816	638,712	617,085	21,627
Economic and Physical Development	384,814	374,326	351,638	22,688
Human Services	4,055,591	4,281,826	3,795,122	486,704
Cultural and Recreational	318,701	339,656	316,991	22,665
Miscellaneous-County	82,000	496,520	319,966	176,554
<i>Intergovernmental:</i>				
Education	2,348,578	2,374,846	2,307,040	67,806
<i>Debt Service:</i>				
Principal Retirement	346,844	346,844	346,844	
Interest	34,838	58,538	57,787	751
Total Expenditures	\$14,061,351	\$15,157,087	\$13,948,281	\$1,208,806
Revenues Over (Under) Expenditures	(\$953,679)	(\$1,191,298)	\$35,251	\$1,226,549
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$135,000	\$110,000	\$134,575	\$24,575
Appropriated Fund Balance	818,679	1,081,298		(1,081,298)
Total Other Financing Sources (Uses)	\$953,679	\$1,191,298	\$134,575	(\$1,056,723)
Net Change in Fund Balance	\$0	\$0	\$169,826	\$169,826
<i>Fund Balances:</i>				
Beginning of Year, July 1			6,020,848	
End of Year, June 30			\$6,190,674	

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017

	Major Fund
	Water
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$3,016,853
Receivables, Net	196,114
Inventories	70,463
Total Current Assets	\$3,283,430
<i>Noncurrent Assets:</i>	
Restricted Cash and Cash Equivalents	\$150,511
<i>Capital Assets:</i>	
Land, Improvements, and Construction in Progress	62,764
Other Capital Assets, Net of Depreciation	7,662,484
Total Capital Assets	\$7,725,248
TOTAL ASSETS	\$11,159,189
DEFERRED OUTFLOWS OF RESOURCES	\$82,969
<u>LIABILITIES</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$65,511
Current Portion of Installment Obligation Payable	147,577
Total Current Liabilities	\$213,088
<i>Noncurrent Liabilities:</i>	
Liabilities Payable from Restricted Assets:	
Customer Deposits	\$123,100
Compensated Absences	50,789
Installment Obligation Payable	1,849,944
Net Pension Liability	95,056
Total Noncurrent Liabilities	\$2,118,889
TOTAL LIABILITIES	\$2,331,977
DEFERRED INFLOWS OF RESOURCES	\$5,545
<i>Net Position:</i>	
Net Investment In Capital Assets	\$5,727,727
Restricted	27,411
Unrestricted	3,149,498
Total Net Position	\$8,904,636

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2017

	Major Fund
	Water
OPERATING REVENUES:	
Water Sales	\$1,335,697
Water Tap Fees	28,538
Reconnect Fees	24,720
Other Operating Revenues	24,058
Total Operating Revenues	\$1,413,013
OPERATING EXPENSES:	
Administration	\$224,787
Raw Water Supply Maintenance	522,958
Depreciation	442,178
Total Operating Expenses	\$1,189,923
Operating Income	\$223,090
NONOPERATING REVENUES (EXPENSES)	
Capital Contribution - Town of Pollocksville	\$264,000
Interest Earned on Investment	70
Interest on Long-Term Debt	(20,101)
Total Nonoperating Revenues	\$243,969
Income (Loss) Before Contributions and Transfers	\$467,059
Transfers From (To) Other Funds	(159,575)
Change in Net Position	\$307,484
Total Net Position, Beginning	8,597,152
Total Net Position, Ending	\$8,904,636

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, 2017

	Major Fund
	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$1,381,271
Cash Paid for Goods and Services	(370,311)
Cash Paid to Employees for Services	(371,733)
Customer Deposits Received	26,200
Customer Deposits Returned	(29,550)
Other Operating Revenues	36,709
Net Cash Provided (Used) by Operating Activities	\$672,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(\$159,575)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(\$277,957)
Principal Paid on Indebtedness	(140,332)
Interest Paid on Indebtedness	(20,101)
Capital Contribution from Town of Pollocksville	264,000
Net Cash Used by Capital and Related Financing Activities	(\$174,390)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	\$70
Net Increase (Decrease) in Cash and Cash Equivalents	\$338,691
Cash and Cash Equivalents, July 1	2,828,673
Cash and Cash Equivalents, June 30	\$3,167,364
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	\$223,090
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$442,178
<i>Changes in Operating Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	(1,299)
Decrease (Increase) in Inventory	(851)
Decrease (Increase) in Due from Other Fund	10,000
Decrease (Increase) in Deferred Outflows of Resources for Pensions	(63,375)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(523)
Increase (Decrease) in Customer Deposits	(3,350)
Increase (Decrease) in Accrued Vacation Payable	3,052
Increase (Decrease) in Net Pension Liability	77,285
Increase (Decrease) in Deferred Inflows of Resources for Pensions	(13,621)
Total Adjustments	\$449,496
Net Cash Provided by (Used by) Operating Activities	\$672,586

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

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2017

	Agency Fund
<u>Assets</u>	
Cash and Cash Equivalents	\$188,687
Accounts Receivable	<u>51,102</u>
Total Assets	<u>\$239,789</u>
<u>Liabilities and Net Position</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	<u>\$239,789</u>
Total Liabilities	<u>\$239,789</u>
<i>Net Position:</i>	
Assets Held in Trust	<u><u>\$0</u></u>

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, 2017

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 Finance Corporation (*Corporation*) is a not-for-profit corporation charged with the powers to purchase, mortgage, hold, and prove, give, grant, sell, lease, convey and exchange all or any part of the real or personal property or funds of the Corporation. The Corporation 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 Finance Corporation	Discrete	The Corporation is governed by a four-member board made up of the County Manager, Finance Officer, and two County Commissioners.	None issued
Jones County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Jones County ABC Board PO Box 86 Trenton, NC 28585

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation, Measurement Focus – Basis of Accounting

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients

JONES COUNTY, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2017

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.

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

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

The County reports the following major governmental funds:

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

School Construction Fund – This fund will be used to construct a new school in Jones County.

The County reports the following major enterprise fund:

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

The County reports the following fund types:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Jones County Board of Education, the Ad Valorem Tax Fund, which accounts for property taxes that are billed and collected by the County for municipalities and other taxing jurisdictions within the County but that are not revenues to the County, the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office, the Animal Cruelty Fund, which accounts for the moneys collected and dispersed by the Animal Control department and the Miscellaneous Trust Fund which accounts for all other moneys collected and dispersed by the County for various other organizations in the County.

Nonmajor Funds – The County maintains four legally budgeted funds. The Property Revaluation Fund, the Community Development Block Grant Fund, the Fire District Fund, and the Restore Brock's Mill Pond Fund are reported as nonmajor special revenue funds.

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

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

C. BUDGETARY DATA

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation, the Fire Tax District, and the Restore Brock's Mill Pond Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Fund, School Construction Fund, and the Enterprise Capital Project Funds, which are consolidated with the enterprise operating funds for reporting purposes.

JONES COUNTY, NORTH CAROLINA
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All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$1,095,736 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The NCCMT Government Portfolio, an SEC registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Use of Estimates

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

3. Cash and Cash Equivalents

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

4. Restricted Assets

As a part of the two loan agreements with the US Department of Agriculture (USDA), the County has restricted cash equal to one annual loan payment including interest. To meet this requirement, the County has purchased two certificates of deposit at Branch Bank and Trust Company. The total amount of the cash restrictions, by the terms of the loan agreements, was \$78,772 and \$27,411 at June 30, 2017. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. These deposits amounted to \$164,975 at June 30, 2017. Money in the Tax Revaluation Fund in the amount of \$83,455 is classified as restricted cash because its use is restricted per North Carolina General Statute 153A-150. Money in the School Construction Fund in the amount of \$12,049,356 is classified as restricted cash because its use is restricted by the Office of State Budget and Management for the construction of a collocated middle and high school. Total restricted cash at June 30, 2017 amounted to \$12,403,969.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Jones County Restricted Cash

<i>Governmental Activities:</i>	
General Fund - USDA Admin CD	\$78,772
General Fund - Customer Deposits	41,875
Tax Revaluation Fund - Tax Revaluation	83,455
School Construction Fund	12,049,356
Total Governmental Activities	<u>\$12,253,458</u>
<i>Business-Type Activities:</i>	
Utility Fund - Investments USDA Water CD	\$27,411
Utility Fund - Customer Deposits	123,100
Total Business-Type Activities	<u>\$150,511</u>
Total Restricted Cash	<u>\$12,403,969</u>

5. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016.

6. Allowances for Doubtful Accounts

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

7. Inventories and Prepaid Items

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

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

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

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

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period, and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period, and will not be recognized as revenue until then. The County has two items that meet the criterion for this category – prepaid taxes and other pension related deferrals.

10. Long-Term Obligations

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

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

11. Compensated Absences

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection expenditures.

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

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

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

Restricted for USDA Loan Payments – portion of fund balance that is restricted by revenue source to equal one annual loan payment including interest.

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

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

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

Assigned for Soil Conservation – portion of fund balance that has been budgeted by the board for soil conservation.

Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

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

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

13. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$6,026,291 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)	\$13,632,113
Less Accumulated Depreciation	(4,416,180)
Net Capital Assets	\$9,215,933
Net Pension Asset	15,607
Contributions to the pension plan in the current fiscal year	298,090
Benefit payments and pension administration costs for LEOSSA	180
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	92,423
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	650,553
Pension related deferrals	799,229
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	(3,203,397)
Compensated absences	(346,959)
Accrued interest payable	(13,814)
Net pension liability	(1,481,554)
Total Adjustment	\$6,026,291

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$2,156,935 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$2,546,797
Cost of disposed capital assets not recorded in fund statements	(340)
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	(430,391)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	346,845
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	298,090
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	180
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	540
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	413
Pension expense	(373,794)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred inflows of resources - taxes receivable - 7/01/16	(409,918)
Recording of deferred inflows of resources - taxes receivable - at 6/30/17	399,337
Increase (decrease) in accrued taxes receivable for year ended 6/30/17	(6,917)
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	(213,907)
Total Adjustment	<u>\$2,156,935</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Noncompliance with North Carolina General Statutes

None noted.

B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS

None noted.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

None noted.

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

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

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

At June 30, 2017, the County's deposits had a carrying amount of \$1,368,073 and a bank balance of \$1,842,224. Of the bank balance, \$395,552 was covered by federal depository insurance and \$1,446,672 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2017, Jones County had \$1,500 cash on hand.

At June 30, 2017, the ABC Board's deposits had a carrying amount of \$49,629 and a bank balance of \$79,154. All of the bank balance was covered by federal depository insurance. At June 30, 2017, the ABC Board had \$1,500 cash on hand.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

2. Investments

At June 30, 2017, the County had the following investments and maturities.

	Valuation Measurement Method	Fair Value	Less Than 60 Months	6-12 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$6,867,216	N/A	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value-Level 1	13,069,412	13,069,412	
Total Investments		\$19,936,628	\$13,069,412	\$0

* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

At June 30, 2017, the ABC Board had no investments.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2016	\$1,049,003	\$60,318	\$1,109,321
2015	1,040,986	153,545	1,194,531
2014	1,013,342	240,669	1,254,011
2013	716,471	234,644	951,115
Total	\$3,819,802	\$689,176	\$4,508,978

4. Receivables

Receivables at the government-wide level at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<i>Governmental Activities:</i>				
General	\$258,476	\$498,165	\$686,859	\$1,443,500
Fire District		7,153		7,153
Total Receivables	\$258,476	\$505,318	\$686,859	\$1,450,653
Allowance for Doubtful Accounts	(50,800)	(12,200)		(63,000)
Total Governmental Activities	\$207,676	\$493,118	\$686,859	\$1,387,653
<i>Business-type Activities:</i>				
Water	\$270,714			\$270,714
Total Receivables	\$270,714	\$0	\$0	\$270,714
Allowance for Doubtful Accounts	(74,600)			(74,600)
Total Business-type Activities	\$196,114	\$0	\$0	\$196,114

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

Various Human Services Revenues	\$226,070
Local option sales tax	221,376
Sales tax	68,189
RMV taxes	61,764
Solid Waste	1,737
Scrap Tire	3,710
NCDRCR - PARTF Grant	11,251
Community Development Block Grant	38,762
DHI - Class 16 Plan	54,000
Total Due From Other Governments	\$686,859

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Notes Receivable

The County has three 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 is related to an Economic Incentive Agreement with Technical Controls Consultants, LLC (TC2) and further with Helmick Properties, LLC which owns the TC2 site. The County has received Community Development Block Grant Funds to cover expenditures related to the TC2 project. On September 8, 2012, the County escrowed a contingency of \$121,250 to SoundBank for the benefit of Helmick in accordance with Helmick's loan commitment from SoundBank dated September 16, 2011. If any of these funds are drawn upon to complete the project, then Helmick will be required to start paying principal and interest on these funds at a rate of ½% below BB&T prime for a term of five years, payable monthly, beginning thirty days after the funds are drawn upon. The remaining escrow funds, if any, will be returned to the County. Approximately half of the funds have been drawn down as of June 30, 2017. The County is actively pursuing payback as of the report date.

The second loan was made on January 23, 2014, to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. No principal payments were made during the fiscal year ending June 30, 2017. On September 17, 2015, the County filed a complaint against Beer Army, LLC and is currently in litigation. The collateral on the note was auctioned on February 3, 2016 and proceeds of \$63,000 were used to reduce the note balance.

The third loan was made on March 14, 2017, to the Trenton Volunteer Fire Department for the purchase of a fire truck. The County borrowed \$290,000 from Jones-Onslow Electric Membership Corporation acting as agent for the Trenton Volunteer Fire Department to finance this purchase. The total loan amount was for \$337,000 and 0% interest with a yearly payment of \$25,000 until the note is paid. An initial payment of \$87,000 was made by the Trenton Volunteer Fire Department in March 2017. The first yearly payment of \$25,000 was also made in March 2017. County of Jones is the lienholder and does not hold title to the truck.

The following summarizes the expected collection on these notes:

Principal Amounts Due for the Year Ended June 30:	Helmick Properties LLC	Beer Army LLC	Trenton Volunteer Fire Department	Total
2018		\$189,134	\$25,000	\$214,134
2019		47,866	25,000	72,866
2020			25,000	25,000
2021			25,000	25,000
2022			25,000	25,000
2023-2027			75,000	75,000
Thereafter	\$121,250			121,250
	\$121,250	\$237,000	\$200,000	\$558,250

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$544,323	\$4,029		\$548,352
Construction In Progress		2,038,556		2,038,556
Total Capital Assets Not Being Depreciated	\$544,323	\$2,042,585	\$0	\$2,586,908
Capital Assets Being Depreciated:				
Buildings	\$8,088,565	\$130,410		\$8,218,975
Infrastructure	152,235			152,235
Equipment	2,399,586	373,802	\$99,393	2,673,995
Total Capital Assets Being Depreciated	\$10,640,386	\$504,212	\$99,393	\$11,045,205
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$2,522,018	\$185,893		\$2,707,911
Infrastructure	39,695	3,044		42,739
Equipment	1,523,129	241,454	\$99,053	1,665,530
Total Accumulated Depreciation	\$4,084,842	\$430,391	\$99,053	\$4,416,180
<i>Total Capital Assets Being Depreciated, Net</i>	\$6,555,544			\$6,629,025
Governmental Activity Capital Assets, Net	\$7,099,867			\$9,215,933

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

General Government	\$110,417
Public Safety	185,052
Environmental Protection	1,633
Economic and Physical Development	90,833
Human Services	15,791
Cultural and Recreational	26,665
Total Depreciation Expense	\$430,391

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

5. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$54,808			\$54,808
Construction in Progress		\$7,956		\$7,956
<i>Total Capital Assets Not Being Depreciated</i>	\$54,808	\$7,956	\$0	\$62,764
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$12,610,408	\$264,000		\$12,874,408
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	387,780	30,576	\$66,914	351,442
Total Assets Being Depreciated	\$13,050,563	\$294,576	\$66,914	\$13,278,225
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$4,880,279	\$414,751		\$5,295,030
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	283,248	27,427	\$42,339	268,336
Total Accumulated Depreciation	\$5,215,902	\$442,178	\$42,339	\$5,615,741
<i>Total Capital Assets Being Depreciated, Net</i>	\$7,834,661			\$7,662,484
Business-type Activity Capital Assets, Net	\$7,889,469			\$7,725,248

Construction Commitments

The government has three active construction projects as of June 30, 2017. The projects include the Restore Brock's Mill Pond Project, School Construction Project, and the Water Treatment Plan Project. At June 30, 2017, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Restore Brock's Mill Pond	\$52,895	\$47,105
School Construction	1,985,661	36,291,771
Water Supply Improvements Project	7,956	8,183,044
	\$2,046,512	\$44,521,920

At June 30, 2017, the government had no commitments with contractors for the construction of a collocated middle and high school.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2017, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Not Being Depreciated:				
Land	\$15,073	\$0	\$0	\$15,073
Capital Assets Being Depreciated:				
Buildings	\$81,739	\$5,700		\$87,439
Furniture/Equipment	79,525			79,525
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	\$176,866	\$5,700	\$0	\$182,566
Less Accumulated Depreciation For:				
Buildings	\$77,476	\$1,365		\$78,841
Furniture/Equipment	76,383	1,143		77,526
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	\$169,461	\$2,508	\$0	\$171,969
<i>Total Capital Assets Being Depreciated, Net</i>	\$7,405			\$10,597
Business-type Activity Capital Assets, Net	\$22,478			\$25,670

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$578,843	\$199,151	\$13,814	\$791,808
Other Governmental	27,458			27,458
Total Governmental Activities	\$606,301	\$199,151	\$13,814	\$819,266
Business-type Activities:				
Water Fund	\$50,297	\$15,214		\$65,511
Total Business-type Activities	\$50,297	\$15,214	\$0	\$65,511

The amount of \$578,843 which comprises the General Fund Vendors payables includes \$254,344 due to the N.C. Department of Corrections for medical services for Safekeeper Services. In accordance with a contract dated July 14, 2011, the County will pay 2,613 payments of \$100 at monthly intervals until the balance is paid in full.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

2. Pension Plan and Other Postemployment Obligations

a. **Local Government Employees' Retirement System**

Plan Description. The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$318,418 for the year ended June 30, 2017.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of \$1,450,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was .068%, which was an increase of .005% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$377,899. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$27,247	\$50,816
Changes of assumptions	99,325	
Net difference between projected and actual earnings on pension plan investments	801,773	
Changes in proportion and differences between County contributions and proportionate share of contributions	8,455	33,064
County contributions subsequent to the measurement date	318,418	
Total	\$1,255,218	\$83,880

\$318,418 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$123,504
2019	123,621
2020	373,558
2021	232,239
2022	
Thereafter	

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 3,441,981	\$ 1,450,192	\$ (213,499)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Jones County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent 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, 2016, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan Members	17
Total	17

2. Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.86 percent

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on MP-2015.

4. 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. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid no benefits for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a total pension liability of \$126,418. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$18,322.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$4,397
County benefit payments and plan administrative expense made subsequent to the measurement date	\$180	
Total	\$180	\$4,397

\$180 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$676
2019	676
2020	676
2021	676
2022	676
Thereafter	1,017

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

\$180 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1- percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total Pension Liability	\$ 144,701	\$ 126,418	\$ 110,282

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2017
Beginning Balance	\$112,673
Service Cost	14,796
Interest on the total pension liability	4,022
Changes in benefit terms	
Differences between expected and actual experiences in the measurement of the total pension liability	
Changes of Assumptions or other inputs	(5,073)
Benefit payments	
Other Changes	
Ending balance of the total pension liability	\$126,418

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. **Supplemental Retirement Income Plan for Law Enforcement Officers**

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The County contributed \$61,357 for the reporting year. No amounts were forfeited.

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

Plan Description. Jones County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF 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. Management of

the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$719 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported an asset of \$15,607 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 0.08%, which was a decrease of .02% from its proportion measured as of June 30, 2015.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

For the year ended June 30, 2017, the County recognized pension expense of \$1,525. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$17	\$202
Changes in assumptions	4,158	
Net difference between projected and actual earnings on pension plan investments	27	
Changes in proportion and differences between County contributions and proportionate share of contributions	3,980	897
County contributions subsequent to the measurement date	719	
Total	\$8,901	\$1,099

\$719 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$2,583
2019	3,326
2020	1,321
2021	(175)
2022	
Thereafter	

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor	
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation	

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (12,585)	\$ (15,607)	\$ (18,147)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

e. **Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement**

The County has a defined contribution pension plan (457(b) plan) in place for employees not engaged in law enforcement. The plan is strictly voluntary with no matching contributions made by the County. Contributions from employees for the year ended June 30, 2017 were \$7,870.

f. **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

JONES COUNTY, NORTH CAROLINA
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benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience	\$27,264	\$51,018
Pensions - difference between projected and actual investment earnings	801,800	
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	12,435	33,961
Pensions - change in assumptions	103,483	4,397
Contributions to pension subsequent to measurement date (LGERs, ROD)	319,137	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	180	
Prepaid Property Taxes Not Yet Earned (General)		23,748
Taxes Receivable, Net (General), less penalties		393,542
Taxes Receivable, Net (Special Revenue), less penalties		7,153
EMS Receivables, Net		68,867
Other Receivables Not Available at Year End		182,350
Total	\$1,264,299	\$765,036

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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "X" area (all other mapped areas) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP, but can also purchase private coverage.

The County's insurance policy provides limited flood coverage in areas outside of the 100-year flood zones and is subject to a per occurrence deductible of \$25,000. Property located in the 100-year flood zone, as designated by FEMA, is excluded from coverage. The County has two properties located inside this area. The County has decided not to pursue further insurance coverage for these two properties.

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

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

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

5. Contingent Liabilities

At June 30, 2017, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

6. Long-Term Obligations

a. Notes Payable/Installment Obligations

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the Industrial Park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2017 balance was \$1,272,630.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$24,520	\$54,110	\$78,630
2019	25,562	53,068	78,630
2020	26,648	51,982	78,630
2021	27,781	50,849	78,630
2022	28,961	49,669	78,630
2023-2027	164,350	228,800	393,150
2028-2032	202,372	190,778	393,150
2033-2037	249,190	143,960	393,150
2038-2042	306,839	86,311	393,150
2043-2047	216,407	18,687	235,094
	<u>\$1,272,630</u>	<u>\$928,214</u>	<u>\$2,200,844</u>

2. On April 18, 2007, the County entered into a financing agreement with Jones – Onslow Electric Membership Corporation for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$640,000 and the agreement calls for 120 monthly payments beginning August 1, 2009 and carries no stated interest rate. The loan was paid in full on December 9, 2016.
3. On February 27, 2014, the County entered into a financing agreement with the North Carolina's Eastern Region for the purpose of funding the Jones County Revolving Loan Fund for Economic Development, including projects for acquisition of land, buildings, facilities, program, information and data systems, or infrastructure required to promote business or industry in Jones County. The County borrowed \$576,923 and the agreement calls for four consecutive annual payments of \$115,385 beginning on February 27, 2017 and one final payment of all remaining amounts due on or before January 27, 2019. The agreement carries no stated interest rate. The June 30, 2017 balance was \$230,768.

<u>During the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$115,385		\$115,385
2019	115,383		115,383
	<u>\$230,768</u>	<u>\$0</u>	<u>\$230,768</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

4. On June 20, 2006, the County entered into a financing agreement with the US Department of Agriculture (USDA) for the purpose of constructing a water tank in the Rock Creek area. The County borrowed \$500,000 and the agreement calls for 40 annual payments of \$26,950. The agreement carries a 4.375% interest rate. The June 30, 2017 balance was \$452,608.

During the Year Ending June 30,	Principal	Interest	Total
2018	\$7,130	\$19,820	\$26,950
2019	7,442	19,508	26,950
2020	7,768	19,182	26,950
2021	8,108	18,842	26,950
2022	8,463	18,487	26,950
2023-2027	48,201	86,549	134,750
2028-2032	59,709	75,041	134,750
2033-2037	73,964	60,786	134,750
2038-2042	91,623	42,827	134,450
2043-2047	113,498	21,252	134,750
2048-2052	26,702	1,245	27,947
	\$452,608	\$383,539	\$836,147

5. On May 28, 2013, the County entered into a financing agreement with the State of North Carolina by the Department of Environment and Natural Resources – Division of Water Resources for an Automatic Meter Reading Capital Project. The County borrowed a total of \$1,966,253. The agreement calls for fourteen annual payments of \$140,447. The agreement carries a 0% interest rate. The June 30, 2017 balance was \$1,544,913.

During the Year Ending June 30,	Principal	Interest	Total
2018	\$140,447		\$140,447
2019	140,447		140,447
2020	140,447		140,447
2021	140,447		140,447
2022	140,447		140,447
2023-2027	702,233		702,233
2028-2032	140,445		140,445
	\$1,544,913	\$0	\$1,544,913

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

6. On March 14, 2017, the County entered into a loan agreement with Jones-Onslow Electric Membership Corporation for funding to purchase a fire truck for the Trenton Volunteer Fire Department. The County acted as an agent on behalf of the fire department to borrow a total of \$290,000. The County has recorded a note receivable from the Trenton Volunteer Fire Department for these funds. The agreement calls for 120 consecutive monthly payments in the amount of \$2,083. The agreement carries a 0% interest rate. The June 30, 2017 balance was \$200,000.

During the Year Ending June 30,	Principal	Interest	Total
2018	\$25,000		\$25,000
2019	25,000		25,000
2020	25,000		25,000
2021	25,000		25,000
2022	25,000		25,000
2023-2027	75,000		75,000
	\$200,000	\$0	\$200,000

7. Qualified School Construction bonds (QSCB) issued on October 14, 2010, under Internal Revenue Code Section 54F; due serially to 2025 with no interest; collateralized by real estate, including a school gymnasium. The June 30, 2017 balance was \$1,319,999.

During the Year Ending June 30,	Principal	Interest	Total
2018	\$146,667		\$146,667
2019	146,667		146,667
2020	146,667		146,667
2021	146,667		146,667
2022	146,667		146,667
2023-2027	586,664		586,664
	\$1,319,999	\$0	\$1,319,999

8. Qualified School Construction bonds (QSCB) issued on October 14, 2010, under Internal Revenue Code Section 54F; due serially to 2025 with interest at 1.35%; collateralized by real estate, including a school gymnasium. The June 30, 2017 balance was \$180,000.

During the Year Ending June 30,	Principal	Interest	Total
2018	\$20,000	\$2,160	\$22,160
2019	20,000	1,890	21,890
2020	20,000	1,620	21,620
2021	20,000	1,350	21,350
2022	20,000	1,080	21,080
2023-2027	80,000	1,620	81,620
	\$180,000	\$9,720	\$189,720

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$1,272,630 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

c. **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, 2017:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
USDA Loan	\$1,296,173		\$23,543	\$1,272,630	\$24,520
Jones-Onslow EMC Loan	16,250		16,250		
NC Eastern Region	346,153		115,385	230,768	115,385
Qualified School Construction Bonds	1,666,666		166,667	1,499,999	166,667
Jones-Onslow EMC Loan	225,000		25,000	200,000	25,000
Compensated Absences	347,499	\$193,508	194,048	346,959	
Net Pension Liability (LGERS)	264,969	1,090,167		1,355,136	
Total Pension Liability (LEOSSA)	65,441	60,977		126,418	
Total Governmental Activities	\$4,228,151	\$1,344,652	\$540,893	\$5,031,910	\$331,572
Business-type Activity:					
USDA Loan	\$459,457		\$6,849	\$452,608	\$7,130
NC Drinking Water State Revolving Loan	1,678,396		133,483	1,544,913	140,447
Compensated Absences	47,737	\$19,529	16,477	50,789	
Net Pension Liability (LGERS)	17,771	77,285		95,056	
Total	\$2,203,361	\$96,814	\$156,809	\$2,143,366	\$147,577

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

C. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund		
	<i>Special Revenue Fund:</i>	
	CDBG - Commerce Fellows Grant	\$11,251
	Restore Brock's Mill Pond	13,762
		\$25,013

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Transfers to/from other funds for the year ended June 30, 2017 were made to supplement other funding sources and consist of the following:

Operating Transfers From / To Other Funds	TRANSFERS	
	FROM	TO
General Fund:		
Special Revenue Fund		\$25,000
Enterprise Fund	\$159,575	
Special Revenue Fund:		
General Fund	25,000	
Enterprise Fund:		
General Fund		159,575
Total Operating Transfers	\$184,575	\$184,575

IV. FUND BALANCE

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

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

Total Fund Balance - General Fund	\$6,190,674
Less:	
Inventories	925
Stabilization by State Statute	1,176,569
Register of Deeds	56,002
Health Department	74,171
White Goods	27,960
Schools	650,096
Economic Development	409,634
Long-Term Screening	119,200
Soil Conservation	10,110
USDA Loan Payments	78,772
Subsequent Year's Expenditures	442,380
Working Capital/Fund Balance Policy	3,144,855
Remaining Fund Balance	\$0

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

V. JOINT VENTURES

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$89,256 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 510 N. Queen Street, Kinston, NC, 28501.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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 \$104,858 and \$0 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. 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, 2017. 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 Trillium Health Resources. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the organization because of the statutory responsibilities to provide funding for the organization's services. The County contributed \$24,113 for the operation of the organization during the fiscal year ended June 30, 2017. 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, 2017. Complete financial statements for the organization can be obtained from the Trillium Health Resources regional office at 3809 Shipyard Blvd., Wilmington, NC 28403.

VI. JOINTLY GOVERNED ORGANIZATIONS

Eastern Carolina Housing Authority

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

VII. BENEFIT PAYMENTS ISSUED BY THE STATE

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

	Federal	State
Medicaid	\$10,637,020	\$5,870,491
Temporary Assistance For Needy Families	28,803	(39)
WIC	84,484	
Supplemental Assistance		65,119
Energy Assistance	52,800	
Foster Care	8,524	
Adoption Assistance	29,226	23,440
NC Health Choice	236,047	590
State Child Welfare/CPS		5,309
Total	\$11,076,904	\$5,964,910

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

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

JONES COUNTY BOARD OF EDUCATION

During 2014, the County was in a funding dispute with the Jones County Board of Education ("BOE"). On October 28, 2014, the County and the BOE reached a settlement agreement by agreeing to a five-year budget plan beginning with the 2015 - 2017 budget year. The agreement states that the County will remit forestry receipts to the BOE in addition to the local current expense funding. Previously, the forestry receipts had been used to offset the current expense allocation. In addition to the forestry receipts, The County will provide funding to the BOE over the next three years as follows:

Current Expense		Capital Outlay	
Budget Year	Amount	Budget Year	Amount
2017 - 2018	1,820,112	2017 - 2018	65,000
2018 - 2019	1,874,715	2018 - 2019	70,000
2019 - 2020	1,940,330	2019 - 2020	75,000
	\$5,635,157		\$210,000

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

INDUSTRIAL DEVELOPMENT UTILITY ACCOUNT GRANT

The County received \$355,679 in grant funds from the Industrial Development Fund Utility Account ("IDF") as part of the Technical Control Consultants Project accounted for in the Community Development Block Grant Fund. The IDF grant agreement stipulated that the County must create positions for 38 full-time employees requiring at least 1,600 hours of work in a year within three years from the date of the first disbursement of the IDF grant and must maintain these employment levels until the Department of Commerce notifies the County that the grant is closed. The County received their first IDF grant funds in June 2013, therefore in accordance with the grant agreement, the job creation requirement must be met by June 2017. However, the North Carolina Department of Commerce granted one final extension to February 27, 2017, to give the County additional time to create and maintain the required positions. Jones County did not meet the deadline extension and the required number of jobs were not created. Beginning July 1, 2017, the county agreed to pay back \$24,000 (an average of the grant amount per job x the two jobs not created) in three annual installments of \$8,000.

ECONOMIC DEVELOPMENT NOTE RECEIVABLE

On January 23, 2014, The County made an economic development loan in the amount of \$300,000 to Beer Army, LLC. The terms of the loan call for interest at 3% for 5 years and six equal monthly payments of interest only in the amount of \$750 with the first payment due March 1, 2014. Thereafter, Beer Army, LLC will make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. As of the report date, Beer Army, LLC has made no principal payments on the loan. On September 17, 2015, the County filed a complaint against Beer Army, LLC. The parties have engaged in some preliminary settlement negotiations and mediation, but the matter was not resolved. The County is proceeding with the lawsuit. The trial was continued to April 2017. In 2016, the collateral was auctioned. Proceeds of \$63,000 were applied to the note and reduced the balance to \$237,000. No payments or adjustments to the note balance were made during the current fiscal year. The balance at June 30, 2017 remains at \$237,000. Litigation is still pending.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

IX. CAPITAL ASSETS – TOWN OF POLLOCKSVILLE AND TRENTON VOLUNTEER FIRE DEPARTMENT

From time to time, the County acts as an agent for certain grant moneys and expenditures for various towns and/or organizations in the county. The County never takes title to these assets. They are transferred to the respective town or organization upon completion of the project. The County currently is acting as an agent for grant moneys and expenditures related to water improvements for Technical Control Consultants on behalf of the Town of Pollocksville. At June 30, 2017, this project was complete, and the assets transferred directly to Town of Pollocksville. In addition, the County currently is acting as agent for loan proceeds and expenditures related to the purchase of a fire truck for the Trenton Volunteer Fire Department. The County does not hold title to the fire truck.

X. SPECIAL ITEM – CAPITAL CONTRIBUTION FROM THE TOWN OF POLLOCKSVILLE

In 2003, the County received a grant to build a water pump system on behalf the Town of Pollocksville. Ownership of the fixed asset was transferred to The Town of Pollocksville at the completion of the project. The Town of Pollocksville can no longer afford to operate and maintain its water pump system, therefore, it has transferred ownership back to the County as of April 30, 2017 at a net book value of \$264,000. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management.

XI. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$47,232. The County also implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- **Proportionate Share of the Net Pension Liability (Asset) – Local Governmental Employees’ Retirement System**
- **Schedule of County Contributions – Local Governmental Employees’ Retirement System**
- **Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds’ Supplemental Pension Fund**
- **Schedule of County Contributions – Register of Deeds’ Supplemental Pension Fund**
- **Schedule of Changes in Total Pension Liability**
- **Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll**

JONES COUNTY, NORTH CAROLINA
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
Last Four Fiscal Years*

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.068%	0.063%	0.068%	0.680%
County's proportionate share of the net pension liability (asset) \$	\$1,450,192	\$282,740	(\$400,791)	\$814,840
County's covered-employee payroll	\$3,800,468	\$3,466,578	\$3,671,842	\$3,655,851
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.16%	8.16%	(10.92%)	22.29%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
Last Four Fiscal Years

	2017	2016	2015	2014
Contractually required contribution	\$318,418	\$256,587	\$247,059	\$260,858
Contributions in relation to the contractually required contribution	318,418	256,587	247,059	260,858
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
County's covered-employee payroll	\$4,133,513	\$3,800,468	\$3,466,578	\$3,671,842
Contributions as a percentage of covered-employee payroll	7.70%	6.75%	7.13%	7.10%

JONES COUNTY, NORTH CAROLINA
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
Last Four Fiscal Years*

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.083%	0.107%	-0.098%	-0.088%
County's proportionate share of the net pension liability (asset) \$	(\$15,607)	(\$24,798)	(\$22,233)	(\$18,793)
County's covered-employee payroll	\$43,520	\$42,252	\$42,252	\$42,252
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(35.86%)	(58.69%)	(52.62%)	(44.48%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
 Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$719	\$682	\$856	\$801
Contributions in relation to the contractually required contribution	719	682	856	801
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
County's covered-employee payroll	\$44,608	\$43,520	\$42,252	\$42,252
Contributions as a percentage of covered-employee payroll	1.61%	1.57%	2.03%	2.03%

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Year Ended June 30, 2017

	<u>2017</u>
Beginning balance	\$112,673
Service Cost	14,796
Interest on the total pension liability	4,022
Changes of benefit terms	0
Differences between expected and actual experience in the measurement of the total pension liability	0
Changes of assumptions or other inputs	(5,073)
Benefit payments	0
Other Changes	0
Ending balance of the total pension liability	<u><u>\$126,418</u></u>

The amounts presented for each fiscal year were determined as of the prior December 31.

JONES COUNTY, NORTH CAROLINA
 SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 For the Year Ended June 30, 2017

	<u>2017</u>
Total pension liability	\$126,418
Covered payroll	644,194
Total pension liability as a percentage of covered payroll	19.62%

Notes to the schedules:

County of Jones has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 73 to pay related benefits.

SUPPLEMENTARY INFORMATION
Combining and Individual Fund Financial Statements and Schedules

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$6,532,358	\$6,593,517	\$61,159
Penalties and Interest	60,900	57,207	(3,693)
Total Ad Valorem Taxes	\$6,593,258	\$6,650,724	\$57,466
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$1,406,000	\$1,715,701	\$309,701
Other Taxes and Licenses:			
Medicaid Hold Harmless Tax	\$125,000	\$84,713	(\$40,287)
Real Estate Transfer Tax	45,000	31,362	(13,638)
Scrap Tire Disposal Tax	12,500	13,827	1,327
Solid Waste Disposal Tax	7,500	7,261	(239)
Total Other Taxes and Licenses	\$190,000	\$137,163	(\$52,837)
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$90,000	\$103,351	\$13,351
Beer & Wine Tax	40,000	39,423	(577)
Total Unrestricted Intergovernmental Revenue	\$130,000	\$142,774	\$12,774
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$3,769,221	\$3,332,286	(\$436,935)
Health Medicaid Cost Study		17,110	17,110
Court Facilities Fees	30,000	35,858	5,858
ABC - 5 cent Bottle Tax	3,300	3,459	159
ABC - 1 cent Bottle Tax	700	348	(352)
Juvenile Justice and Delinquency	86,595	86,573	(22)
Veterans Commission	2,130	2,130	
Child Abuse	200	175	(25)
Domestic Violence	1,000	1,050	50
National Forest Receipts/Schools	28,268	27,315	(953)
Lottery Funds	169,367	339,003	169,636
DWI/Safe Roads Act	1,000	851	(149)
Emergency Management	38,584	38,584	
Soil Conservation	23,976	28,970	4,994
Total Restricted Intergovernmental Revenue	\$4,154,341	\$3,913,712	(\$240,629)

JONES COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>2017 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Permits and Fees:			
Beer & Wine		\$290	\$290
Concealed/Handgun Permits	\$18,500	14,960	(3,540)
Building and Other Permits and Fees	169,453	107,010	(62,443)
Register of Deeds	35,000	42,119	7,119
Marriage Licenses	1,000	875	(125)
Franchise - Cable TV	6,000	5,531	(469)
Total Permits & Fees	\$229,953	\$170,785	(\$59,168)
Sales and Services:			
Jail and Officer Fees	\$30,500	\$32,619	\$2,119
EMS Fees	450,000	466,572	16,572
Town Tax Billings & Collection	15,400	14,144	(1,256)
Vending Machines	200	140	(60)
Solid Waste/Recycling	17,000	22,573	5,573
Curbside Service	420,500	427,778	7,278
Total Sales & Services	\$933,600	\$963,826	\$30,226
Total Investment Earnings	\$36,000	\$44,397	\$8,397
Other Revenues:			
Rent - Economic Development	\$135,336	\$42,622	(\$92,714)
Civic Center Rent	35,000	37,563	2,563
FSA Rent	4,480	3,245	(1,235)
Sale of Fixed Assets	12,884	18,416	5,532
DHI - Class 16 Plan		6,000	6,000
Other	104,937	136,604	31,667
Total Other Revenues	\$292,637	\$244,450	(\$48,187)
TOTAL REVENUES	\$13,965,789	\$13,983,532	\$17,743

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$64,981	\$64,863	\$118
Operating Expenses	46,642	40,074	6,568
Insurance Other Than Property	269,147	235,629	33,518
Total	\$380,770	\$340,566	\$40,204
Elections:			
Salaries & Employee Benefits	\$90,529	\$87,406	\$3,123
Operating Expenses	49,285	43,810	5,475
Total	\$139,814	\$131,216	\$8,598
Finance:			
Salaries & Employee Benefits	\$234,353	\$230,211	\$4,142
Operating Expenses	61,768	49,288	12,480
Total	\$296,121	\$279,499	\$16,622
Taxes:			
Salaries & Employee Benefits	\$252,151	\$251,520	\$631
Operating Expenses	100,900	89,878	11,022
Total	\$353,051	\$341,398	\$11,653
Legal:			
Contracted Services	\$167,100	\$146,900	\$20,200
Jury Commission:			
Salaries & Employee Benefits	\$646		\$646
Operating Expenses	1,600	\$1,533	67
Total	\$2,246	\$1,533	\$713
Register of Deeds:			
Salaries & Employee Benefits	\$98,486	\$98,199	\$287
Operating Expenses	55,075	35,198	19,877
Total	\$153,561	\$133,397	\$20,164
Public Buildings:			
Salaries & Employee Benefits	\$91,325	\$90,991	\$334
Operating Expenses	291,042	271,989	19,053
Building Improvement	5,500	5,500	
Capital	42,397	61,784	(19,387)
Total	\$430,264	\$430,264	\$0

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Salaries & Employee Benefits	\$44,089	\$43,035	\$1,054
Operating Expenses	41,710	31,362	10,348
Total	\$85,799	\$74,397	\$11,402
Administration:			
Salaries & Employee Benefits	\$185,234	\$177,408	\$7,826
Operating Expenses	35,724	27,095	8,629
Total	\$220,958	\$204,503	\$16,455
Computer:			
Operating Expenses	\$218,928	\$139,440	\$79,488
TOTAL GENERAL GOVERNMENT	\$2,448,612	\$2,223,113	\$225,499
Public Safety:			
Sheriff's Department:			
Salaries & Employee Benefits	\$1,107,358	\$1,089,664	\$17,694
Operating Expenses	285,894	263,056	22,838
Capital	119,773	119,773	
Total	\$1,513,025	\$1,472,493	\$40,532
County Jail:			
Salaries & Employee Benefits	\$445,899	\$436,751	\$9,148
Operating Expenses	379,227	317,796	61,431
Capital	9,423	9,423	
Total	\$834,549	\$763,970	\$70,579
Inspections:			
Salaries & Employee Benefits	\$62,531	\$61,650	\$881
Operating Expenses	28,150	20,440	7,710
Total	\$90,681	\$82,090	\$8,591
Emergency Management:			
Salaries & Employee Benefits	\$59,370	\$59,269	\$101
Operating Expenses	17,184	11,389	5,795
Capital		2,819	(2,819)
Total	\$76,554	\$73,477	\$3,077
Emergency Services:			
Salaries & Employee Benefits	\$489,487	\$480,484	\$9,003
Operating Expenses	379,383	347,297	32,086
Aid to Local Fire Department	56,300	56,295	5
Aid to Local Rescue Squads	43,500	43,410	90
Total	\$968,670	\$927,486	\$41,184

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Communication System:			
Salaries & Employee Benefits	\$17,755	\$17,583	\$172
Operating Expenses	274,273	\$257,996	16,277
Total	\$292,028	\$275,579	\$16,449
Medical Examiner:			
Professional Services	\$17,700	\$17,600	\$100
Rabies Control:			
Operating Expenses	\$4,000		\$4,000
Total	\$4,000	\$0	\$4,000
TOTAL PUBLIC SAFETY	\$3,797,207	\$3,612,695	\$184,512
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$40,884	\$40,258	\$626
Operating Expenses	347,020	340,796	6,224
Contracted Services	64,633	57,770	6,863
Total	\$452,537	\$438,824	\$13,713
State Forest Protection	\$76,695	\$72,507	\$4,188
Soil Conservation:			
Salaries & Employee Benefits	\$102,589	\$102,335	\$254
Operating Expenses	6,891	3,419	3,472
Total	\$109,480	\$105,754	\$3,726
TOTAL ENVIRONMENTAL PROTECTION	\$638,712	\$617,085	\$21,627
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$100,462	\$100,039	\$423
Operating Expenses	40,161	23,696	16,465
Total	\$140,623	\$123,735	\$16,888

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Operating Expenses	\$143,896	\$139,388	\$4,508
Capital	82,000	82,000	
Total	\$225,896	\$221,388	\$4,508
Commissions, Committees & Councils Planning:			
Operating Expenses	\$7,807	\$6,515	\$1,292
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$374,326	\$351,638	\$22,688
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$291,010	\$288,581	\$2,429
Operating Expenses	125,614	114,583	11,031
Capital	16,074	16,074	
Total	\$432,698	\$419,238	\$13,460
Tuberculosis:			
Salaries and Employee Benefits	\$1,555	\$1,439	\$116
Operating Expenses	1,822	408	1,414
Total	\$3,377	\$1,847	\$1,530
Bioterrorism:			
Salaries & Employee Benefits	\$16,338	\$15,223	\$1,115
Operating Expenses	15,674	15,407	267
Total	\$32,012	\$30,630	\$1,382
Communicable Disease:			
Salaries & Employee Benefits	\$8,474	\$8,254	\$220
Operating Expenses	1,304	792	512
Total	\$9,778	\$9,046	\$732

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$40,682	\$39,686	\$996
Operating Expenses	12,509	11,826	683
Total	\$53,191	\$51,512	\$1,679
Maternity Care:			
Salaries & Employee Benefits	\$21,651	\$18,993	\$2,658
Environmental Health:			
Salaries & Employee Benefits	\$7,010	\$6,864	\$146
Operating Expenses	25,226	24,895	331
Total	\$32,236	\$31,759	\$477
Food/Lodging:			
Salaries & Employee Benefits	\$12,983	\$12,642	\$341
Operating Expenses	11,463	11,372	91
Total	\$24,446	\$24,014	\$432
Cancer Prevention:			
Salaries & Employee Benefits	\$4,681	\$3,445	\$1,236
Operating Expenses	6,714	6,323	391
Total	\$11,395	\$9,768	\$1,627
Immunization Action Plan:			
Operating Expenses	\$7,692	\$7,248	\$444
Total	\$7,692	\$7,248	\$444
Triple P :			
Operating Expenses	\$11,071	\$11,071	\$0
Maternal & Child Health:			
Salaries & Employee Benefits	\$23,787	\$23,648	\$139
Operating Expenses	20,628	13,291	7,337
Total	\$44,415	\$36,939	\$7,476
Women, Infants & Children			
Supplement Food:			
Salaries & Employee Benefits	\$37,986	\$37,891	\$95
Operating Expenses	4,612	4,185	427
Total	\$42,598	\$42,076	\$522
School Health Education:			
Operating Expenses	\$75,000	\$75,000	
Total	\$75,000	\$75,000	\$0

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Health Promotions:			
Salaries & Employee Benefits	\$26,345	\$25,297	\$1,048
Operating Expenses	1,863	1,405	458
Total	\$28,208	\$26,702	\$1,506
Child Services - Coordinator:			
Salaries & Employee Benefits	\$17,503	\$14,158	\$3,345
Operating Expenses	1,541	1,308	233
Total	\$19,044	\$15,466	\$3,578
Family Based Counseling:			
Operating Expenses	\$1,772	\$1,772	\$0
Mosquito Control:			
Operating Expenses	\$4,000	\$3,036	\$964
Cap Program:			
Salaries & Employee Benefits	\$67,987	\$65,058	\$2,929
Operating Expenses	14,901	8,870	6,031
Total	\$82,888	\$73,928	\$8,960
Breast Feeding:			
Salaries & Employee Benefits	\$7,588	\$7,391	\$197
Operating Expenses	412	316	96
Total	\$8,000	\$7,707	\$293
NC Wisewoman			
Salaries & Employee Benefits	\$3,660	\$3,465	\$195
Operating Expenses	1,740	816	924
Total	\$5,400	\$4,281	\$1,119

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Ebola:			
Salaries & Employee Benefits	\$4,934	\$4,446	\$488
Operating Expenses	5,715	5,007	708
Total	\$10,649	\$9,453	\$1,196
Maternity Care:			
Operating Expenses	\$1,400	\$963	\$437
HIV/STD Grant:			
Salaries & Employee Benefits	\$608	\$608	
Operating Expenses	4,558	4,235	\$323
Total	\$5,166	\$4,843	\$323
Diabetes:			
Salaries & Employee Benefits	\$16,493	\$5,806	\$10,687
Operating Expenses	17,108	1,351	15,757
Total	\$33,601	\$7,157	\$26,444
Total Health	\$1,001,688	\$924,449	\$77,239
Mental Health:			
Administration:			
Regional Allocation	\$20,306	\$20,306	
Bottle Tax	4,400	3,807	\$593
Total Mental Health	\$24,706	\$24,113	\$593
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,355,619	\$1,227,688	\$127,931
Operating Expenses	266,600	212,963	53,637
Total	\$1,622,219	\$1,440,651	\$181,568
AFDC Program:			
Extra Items	\$6,000	\$4,770	\$1,230
Foster Care	106,000	72,710	33,290
Total	\$112,000	\$77,480	\$34,520

JONES COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Foster Care	\$20,000		\$20,000
General Assistance	\$2,700		\$2,700
Aid to Blind	\$3,142	\$3,142	\$0
Day Care - County Participation	\$562,515	\$559,216	\$3,299
Food Stamp - EBT	\$5,180	\$2,967	\$2,213
Child Support Officer	\$101,000	\$98,705	\$2,295
Work First Jobs Program	\$73,100	\$29,300	\$43,800
Supplemental Assistance	\$70,000	\$69,558	\$442
Medicaid Transportation	\$225,000	\$224,038	\$962
Crisis Intervention	\$53,981	\$27,041	\$26,940
Emergency Assistance	\$53,981	\$52,800	\$1,181
Adoption Assistance	\$10,300	\$6,931	\$3,369
Energy Assistance - Progress Energy	\$13,603	\$12,614	\$989
HCCBG	\$134,730	\$116,057	\$18,673
<i>Total Social Services</i>	<i>\$3,063,451</i>	<i>\$2,720,500</i>	<i>\$342,951</i>

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Veterans Service Officer:			
Salaries & Employee Benefits	\$20,533	\$18,897	\$1,636
Operating Expenses	2,078	1,538	540
Total Veterans Service Officer	\$22,611	\$20,435	\$2,176
Rural Transportation	\$102,601	\$46,315	\$56,286
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$42,636	\$41,213	\$1,423
Title V	21,233	16,031	5,202
SR Services Outreach	2,500	2,066	434
Transportation	400		400
Total Tri-County Senior Citizens	\$66,769	\$59,310	\$7,459
TOTAL HUMAN SERVICES	\$4,281,826	\$3,795,122	\$486,704
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$57,534	\$50,761	\$6,773
Operating Expenses	21,297	15,198	6,099
Total	\$78,831	\$65,959	\$12,872
Civic Center:			
Salaries & Employee Benefits	\$24,804	\$22,766	\$2,038
Operating Expenses	58,395	50,662	7,733
	\$83,199	\$73,428	\$9,771
Interagency Council:			
Operating Expenses	\$86,595	\$86,573	\$22
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$89,256	\$89,256	\$0
TOTAL CULTURAL AND RECREATIONAL	\$339,656	\$316,991	\$22,665

JONES COUNTY, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
Education:			
Public Schools:			
Current Expense	\$1,775,720	\$1,786,552	(\$10,832)
Forest Receipts	26,268	26,268	
Capital Outlay	468,000	389,362	78,638
Total	\$2,269,988	\$2,202,182	\$67,806
Community College:			
Operating Expenses	\$104,858	\$104,858	\$0
TOTAL EDUCATION	\$2,374,846	\$2,307,040	\$67,806
Debt Service:			
Principal Retirement	\$346,844	\$346,844	
Interest	58,538	57,787	\$751
Total	\$405,382	\$404,631	\$751
Miscellaneous - County			
Operating Expenses	\$161,686	\$137,490	\$24,196
Capital Outlay	334,834	182,476	152,358
TOTAL MISCELLANEOUS - COUNTY	\$496,520	\$319,966	\$176,554
TOTAL EXPENDITURES	\$15,157,087	\$13,948,281	\$1,208,806
Revenues Over (Under) Expenditures	(\$1,191,298)	\$35,251	\$1,226,549
OTHER FINANCING SOURCES (USES):			
<i>Transfers from Other Funds:</i>			
Enterprise Fund	\$135,000	\$159,575	\$24,575
<i>Transfers to Other Funds:</i>			
Special Revenue Fund	(25,000)	(25,000)	
Appropriated Fund Balance	1,081,298		(1,081,298)
Total Other Financing Sources (Uses)	\$1,191,298	\$134,575	(\$1,056,723)
NET CHANGE IN FUND BALANCE	\$0	\$169,826	\$169,826
FUND BALANCES:			
Beginning of Year, July 1		6,020,848	
End of Year, June 30		\$6,190,674	

JONES COUNTY, NORTH CAROLINA
SCHOOL CONSTRUCTION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2017

	"Preliminary"	Actual		Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	
REVENUES:				
<i>Restricted Intergovernmental:</i>				
State of NC - Grant-In-Aid	\$13,957,288	\$10,957,288	\$3,000,000	\$13,957,288
Interest Income		8,622	69,107	77,729
Total Revenues	\$13,957,288	\$10,965,910	\$3,069,107	\$14,035,017
EXPENDITURES:				
<i>Education:</i>				
Surveying/Borings	\$30,000			\$30,000
Special Inspections/Testing	135,000			135,000
Construction Commissioning	160,000			160,000
Construction Costs	28,520,000			28,520,000
Furniture and Equipment	3,372,800			3,372,800
Soft Costs	4,464,992		\$1,985,661	\$1,985,661
Contingency	1,594,640			1,594,640
Total Expenditures	\$38,277,432	\$0	\$1,985,661	\$1,985,661
Revenues Over (Under) Expenditures	(\$24,320,144)	\$10,965,910	\$1,083,446	\$12,049,356
OTHER FINANCING SOURCES:				
Anticipated Installment Purchase Obligation	\$24,320,144			(\$24,320,144)
Total Other Financing Sources	\$24,320,144	\$0	\$0	\$0
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$10,965,910	\$1,083,446	\$12,049,356
FUND BALANCE:				
Beginning of Year, July 1			10,965,910	
End of Year, June 30			\$12,049,356	

Note: The County has operated under a preliminary budget until financing is obtained.

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.
- *Community Development Block Grant Fund (CDBG)* – This fund is used to account for receipt of CDBG funds and matching expenditures for various CDBG projects in the County.
- *Fire District Fund* – This fund accounts for the County's collection of tax revenue and related expenditures for each of the six fire districts.
- *Restore Brock's Mill Pond* – This fund accounts for the receipt of State funds used to restore Brock's Mill Pond.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue Funds				Total	Total
	Property Revaluation Fund	Community Development Block Fund	Fire District Fund	Restore Brock's Mill Fund	Non-major Special Revenue Governmental Funds	Non-major Governmental Funds
<u>ASSETS</u>						
Cash & Cash Equivalents			\$2,417		\$2,417	\$2,417
Restricted Cash	\$83,455				83,455	83,455
Taxes Receivable, Net			7,153		7,153	7,153
Due From Other Governments		\$38,762		\$11,251	50,013	50,013
TOTAL ASSETS	\$83,455	\$38,762	\$9,570	\$11,251	\$143,038	\$143,038
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable		\$25,000	\$2,458		\$27,458	\$27,458
Due to Other Funds		13,762		\$11,251	25,013	25,013
Total Liabilities	\$0	\$38,762	\$2,458	\$11,251	\$52,471	\$52,471
Deferred Inflows of Resources						
Taxes Receivable			\$5,795		\$5,795	\$5,795
Total Deferred Inflows of Resources	\$0	\$0	\$5,795	\$0	\$5,795	\$5,795
Fund Balances:						
Restricted:						
Fire Protection			\$1,317		\$1,317	\$1,317
Committed	\$83,455				83,455	83,455
Total Fund Balances	\$83,455	\$0	\$1,317	\$0	\$84,772	\$84,772
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$83,455	\$38,762	\$9,570	\$11,251	\$143,038	\$143,038

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2017

	Special Revenue Funds				Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Property Revaluation Fund	Community Development Block Fund	Fire District Fund	Restore Brock's Mill Fund		
REVENUES:						
Ad Valorem Taxes			\$145,592		\$145,592	\$145,592
Local Option Sales Taxes			1,317		1,317	1,317
Restricted Intergovernmental		\$39,762		\$52,895	92,657	92,657
Total Revenues	\$0	\$39,762	\$146,909	\$52,895	\$239,566	\$239,566
EXPENDITURES:						
General Government		\$38,762			\$38,762	\$38,762
Public Safety			\$145,592		145,592	145,592
Economic & Physical Development		1,000			1,000	1,000
Cultural and Recreation				\$52,895	52,895	52,895
Total Expenditures	\$0	\$39,762	\$145,592	\$52,895	\$238,249	\$238,249
Revenues Over (Under) Expenditures	\$0	\$0	\$1,317	\$0	\$1,317	\$1,317
OTHER FINANCING SOURCES (USES):						
Transfers From (To) Other Funds	\$25,000				\$25,000	\$25,000
Total Other Financing Sources (Uses)	\$25,000	\$0	\$0	\$0	\$25,000	\$25,000
Net Change in Fund Balances	\$25,000	\$0	\$1,317	\$0	\$26,317	\$26,317
FUND BALANCES:						
Beginning of Year, July 1	\$58,455				\$58,455	\$58,455
End of Year, June 30	\$83,455	\$0	\$1,317	\$0	\$84,772	\$84,772

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, 2017

	Annual Budget	2017 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
<i>General Government:</i>			
Contract Revaluation	\$0	\$0	\$0
 OTHER FINANCING SOURCES:			
Operating Transfer From General Fund	(\$25,000)	\$25,000	\$50,000
Appropriated Fund Balance	25,000		(25,000)
Total Other Financing Sources	\$0	\$25,000	\$25,000
 Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$25,000	\$25,000
 FUND BALANCE:			
Beginning of Year, July 1		58,455	
End of Year, June 30		\$83,455	

JONES COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2017

	Project Authorization	Actual		Total To Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
REVENUES:					
<i>Restricted Intergovernmental:</i>					
Technical Control Consultants Project:					
2011 CDBG-ED Grant	\$456,000	\$455,000	\$1,000	\$456,000	
2011 NC IDF Grant	380,000	355,679		355,679	(\$24,321)
2011 Rural Center EIP Grant	380,000	279,906		279,906	(100,094)
2016 Commerce Fellows Program	50,000		38,762	38,762	(11,238)
Total Revenues	\$1,266,000	\$1,090,585	\$39,762	\$1,130,347	(\$135,653)
EXPENDITURES:					
<i>*Technical Control Consultants Project:</i>					
Water Improvements	\$67,308	\$67,308		\$67,308	
Sewer Improvements	818,435	694,020		694,020	\$124,415
Road Improvements	319,257	319,257		319,257	
Planning	5,000	5,000		5,000	
Administration	25,000	24,000	\$1,000	25,000	
Total Technical Control Consultants Project Expenditures	\$1,235,000	\$1,109,585	\$1,000	\$1,110,585	\$124,415
<i>2016 CDBG Commerce Fellows Program:</i>					
Training	\$32,000		\$26,379	\$26,379	\$5,621
Personnel	13,000		12,201	12,201	799
Administration	5,000		182	182	4,818
Total 2016 CDBG NC Commerce Fellows Program	\$50,000	\$0	\$38,762	\$38,762	\$11,238
Total Expenditures	\$1,285,000	\$1,109,585	\$39,762	\$1,149,347	\$135,653
Revenues Over (Under) Expenditures	(\$19,000)	(\$19,000)	\$0	(\$19,000)	\$0
OTHER FINANCING SOURCES (USES):					
Local County Contribution (TC2)	\$19,000	\$19,000		\$19,000	
Total Other Financing Sources (Uses)	\$19,000	\$19,000	\$0	\$19,000	\$0
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30				\$0	

**Technical Control Consultants Project is complete and has been released to the Town of Pollockville.*

JONES COUNTY, NORTH CAROLINA
FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Annual Budget	2017 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes - Current Year	\$146,770	\$145,592	(\$1,178)
Local Option Sales Taxes		1,317	1,317
Total Revenues	\$146,770	\$146,909	\$139
EXPENDITURES:			
<i>Public Safety:</i>			
Comfort Fire Tax District	\$13,550	\$13,464	\$86
Hargett's Crossroad Fire District	19,450	19,379	71
Pollocksville Fire Tax District	43,800	43,419	381
Trenton Fire Tax District	42,180	41,962	218
Wyse Fork Fire Tax District	18,290	18,037	253
Township 7 Fire Tax District	9,500	9,331	169
Total Expenditures	\$146,770	\$145,592	\$1,178
Revenues Over Expenditures	\$0	\$1,317	\$1,317
FUND BALANCE, Beginning		_____	
FUND BALANCE, Ending		\$1,317	

JONES COUNTY, NORTH CAROLINA
RESTORE BROCK'S MILL POND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2017

	Annual Budget	2017 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Restricted Intergovernmental:</i>			
NCDCCR - PARTF Grant	\$100,000	\$52,895	(\$47,105)
<i>Total Revenues</i>	\$100,000	\$52,895	(\$47,105)
EXPENDITURES:			
<i>Cultural & Recreation:</i>			
Restoration of Brock's Mill House & Pond	\$100,000	\$52,895	\$47,105
<i>Total Expenditures</i>	\$100,000	\$52,895	\$47,105
 <i>Revenues Over Expenditures</i>	 \$0	 \$0	 \$0
FUND BALANCE, Beginning		_____	
FUND BALANCE, Ending		\$0	

ENTERPRISE FUND

Water Fund – This fund accounts for the activities of the County’s Water District, the associated Capital Reserve Fund, and the Water Supply Improvements Capital Project Fund.

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2017

	2017		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES:			
Water Sales	\$1,331,000	\$1,335,697	\$4,697
Water Tap Fees	10,000	28,538	18,538
Reconnect Fees	25,000	24,720	(280)
Other Operating Revenues	7,800	24,057	16,257
Total Operating Revenues	\$1,373,800	\$1,413,012	\$39,212
NONOPERATING REVENUES:			
Interest Earned on Investment		\$70	\$70
Total Nonoperating Revenues	\$0	\$70	\$70
Total Revenues	\$1,373,800	\$1,413,082	\$39,282
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$103,093	\$102,889	\$204
Professional Services	10,000	10,000	
Insurance	53,000	53,000	
Postage	12,000	8,093	3,907
Supplies	1,550	1,604	(54)
Printing	3,500	2,227	1,273
Telephone	2,400	1,316	1,084
Other Operating Expenses	48,600	45,897	2,703
Total	\$234,143	\$225,026	\$9,117
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$270,833	\$268,844	\$1,989
Electric Power	59,000	57,719	1,281
Vehicles Operation & Maintenance	25,300	21,549	3,751
Supplies & Materials	11,315	9,907	1,408
Sample Analysis	15,000	14,546	454
Other Operating Expenses	87,500	83,491	4,009
Maintenance & Replacement	129,759	59,587	70,172
Total	\$598,707	\$515,643	\$83,064
Total Operating Expenses	\$832,850	\$740,669	\$92,181
<i>Debt Service:</i>			
Interest and Other Charges	\$20,101	\$20,101	
Debt Principal	150,849	140,332	\$10,517
Total	\$170,950	\$160,433	\$10,517

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2017

	2017		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Capital Outlay:</i>			
Construction	\$324,000	\$294,576	\$29,424
Total Expenditures	\$1,327,800	\$1,195,678	\$132,122
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$46,000	\$217,404	\$171,404
OTHER FINANCING SOURCES (USES):			
Capital Contribution - Town of Pollocksville	\$264,000	\$264,000	
Transfer to General Fund	(160,000)	(159,575)	\$425
Transfer to Water Capital Reserve Capital Project Fund	(150,000)	(150,000)	
Total Other Financing Sources (Uses)	(\$46,000)	(\$45,575)	\$425
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$171,829	\$171,829
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over (Under) Expenditures		\$171,829	
Reconciling Items:			
Debt Principal		\$140,332	
Capital Outlay		294,576	
Increase in Accrued Vacation		(3,052)	
Contributions Made to the Pension Plan in the Current Fiscal Year		21,417	
Depreciation		(442,178)	
Pension Expense		(25,440)	
Transfer to Water Capital Reserve Capital Project Fund		150,000	
Total Reconciling Items		\$135,655	
Change in Net Position		\$307,484	

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, 2017

	Budget	2017 Actual	Variance Favorable (Unfavorable)
<i>OTHER FINANCING SOURCES (USES):</i>			
Transfer from Water Fund		\$150,000	\$150,000
<i>Total Other Financing Sources (Uses)</i>	\$0	\$150,000	\$150,000
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	\$0	\$150,000	\$150,000
<i>FUND BALANCES:</i>			
Beginning of Year, July 1		835,642	
 <i>End of Year, June 30</i>		\$985,642	

JONES COUNTY, NORTH CAROLINA
 WATER SUPPLY IMPROVEMENTS – ENTERPRISE CAPITAL PROJECT FUND
 STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For The Fiscal Year Ended June 30, 2017

	Project Authorization	Actual		Total To Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
USDA-Rural Development Loan	\$6,157,000				\$6,157,000
USDA-Rural Development Grant	1,984,000				1,984,000
Total Revenues	\$8,141,000	\$0	\$0	\$0	\$8,141,000
EXPENDITURES:					
Contstruction-Water Distribution	\$1,324,100				\$1,324,100
Construction-Well Improvements	830,000				830,000
Construction-Elevated Storage Tank	825,000				825,000
Construction-Water Treatment Plant	3,571,500				3,571,500
Engineering	608,600				608,600
Preliminary Eng Report	20,000				20,000
Environmental Report	5,000				5,000
USDA Funding Assistance	10,875				10,875
Inspection	388,850				388,850
Legal	25,000		\$2,956	\$2,956	22,044
Debt Service Interest	140,000				140,000
Surveying	10,000				10,000
Land Easement-Negotiation	10,000		5,000	5,000	5,000
Advertisement	2,000				2,000
Permit Fees	7,500				7,500
Land Easement-Acquisition	220,000				220,000
Equipment	5,000				5,000
Contingency	187,575				187,575
Total Expenditures	\$8,191,000	\$0	\$7,956	\$7,956	\$8,183,044
Revenues Over (Under) Expenditures	(\$50,000)	\$0	(\$7,956)	(\$7,956)	(\$42,044)
OTHER FINANCING SOURCES:					
Local Match	\$50,000		\$7,956	\$7,956	\$42,044
Total Other Financing Sources	\$50,000	\$0	\$7,956	\$7,956	\$42,044
Revenues and Other Financing Sources Over (Under) Expenditures		\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

AGENCY FUNDS

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

The following comprise the County's Agency Funds:

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

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

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

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

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

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

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services Fund:				
Assets, Cash and Investments	\$15,486	\$32,338	\$30,402	\$17,422
Accounts Receivable	1,091	1,282	1,091	1,282
Total	\$16,577	\$33,620	\$31,493	\$18,704
Liabilities, Accounts Payable	\$16,577	\$33,620	\$31,493	\$18,704
Fines and Forfeitures Fund:				
Assets, Cash and Investments		\$70,707	\$70,707	
Accounts Receivable	\$6,660	5,197	6,660	\$5,197
Total	\$6,660	\$75,904	\$77,367	\$5,197
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$6,660	\$77,367	\$78,830	\$5,197
Total Liabilities	\$6,660	\$77,367	\$78,830	\$5,197
Ad Valorem Tax Fund:				
Assets, Cash and Investments	\$14,740	\$325,593	\$330,132	\$10,201
Accounts Receivable		44,473		44,473
Total	\$14,740	\$370,066	\$330,132	\$54,674
Liabilities, Intergovernmental Payables	\$14,740	\$370,066	\$330,132	\$54,674
Agricultural Extension Fund:				
Assets, Cash and Investments	\$66,956	\$133,713	\$75,004	\$125,665
Accounts Receivable		150		150
Total	\$66,956	\$133,863	\$75,004	\$125,815
Liabilities, Intergovernmental Payables	\$66,956	\$133,863	\$75,004	\$125,815
Animal Cruelty Fund:				
Assets, Cash and Investments	\$29,540	\$350	\$500	\$29,390
Liabilities, Intergovernmental Payables	\$29,540	\$350	\$500	\$29,390
Miscellaneous Trust Fund:				
Assets, Cash and Investments	\$21,921		\$15,912	\$6,009
Liabilities, Intergovernmental Payables	\$21,921		\$15,912	\$6,009
Totals - All Agency Funds:				
Assets, Cash	\$148,643	\$562,701	\$522,657	\$188,687
Accounts Receivable	7,751	51,102	7,751	51,102
	\$156,394	\$613,803	\$530,408	\$239,789
Liabilities and Payables	\$156,394	\$615,266	\$531,871	\$239,789

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, 2017

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-17		\$6,585,451	\$6,422,505	\$162,946
2015-16	\$199,641		114,800	84,841
2014-15	64,759		32,928	31,831
2013-14	46,439		14,290	32,149
2012-13	31,870		4,385	27,485
2011-12	21,781		2,887	18,894
2010-11	15,672		1,401	14,271
2009-10	12,936		1,066	11,870
2008-09	12,036		403	11,633
2007-08	10,323		501	9,822
2006-07	9,461		9,461	
	\$424,918	\$6,585,451	\$6,604,627	\$405,742
Less: Allowance for Uncollectible Ad Valorem Taxes				(12,200)
Ad Valorem Taxes Receivable - Net				\$393,542
Reconcilement with Revenue:				
Taxes - Ad Valorem - General Fund				\$6,650,724
<i>Reconciling Items:</i>				
Taxes Written Off				\$9,461
Interest Collected				(55,558)
Total Reconciling Items				(\$46,097)
Total Collections and Credits				\$6,604,627

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2017

	County-Wide		Total Levy	
	Property	Rate	Amount of	Property
	Valuation		Levy	Excluding Registered Motor Vehicles
			Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
Property Taxed at Current Year's Rate	\$734,776,592	0.79	\$5,804,736	\$5,804,736
Motor Vehicle NCVTS	90,849,360	0.79	717,348	\$717,349
Total Original Levy	\$825,625,952		\$6,522,084	\$5,804,736 \$717,349
Discoveries:				
Current Year Taxes	\$3,783,239	0.79	\$29,788	\$29,788
Total Discoveries	\$3,783,239		\$29,788	\$29,788 \$0
Deferred:				
Current Year Taxes	\$4,269,149	0.79	\$33,579	\$33,579
Total Discoveries	\$4,269,149		\$33,579	\$33,579 \$0
Total Property Valuation	\$833,678,340			
Net Levy			\$6,585,451	\$5,868,103 \$717,349
Uncollected Taxes at June 30, 2017			162,946	162,946
Current Year's Taxes Collected			\$6,422,505	\$5,705,157 \$717,349
Current Levy Collection Percentage			97.53%	97.22% 100.00%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2017

Taxpayer	Type of Business	2016 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$34,364,766	4.12%
Jones - Onslow EMC	Utility	\$26,027,503	3.12%
Duke Energy Progress, Inc.	Utility	\$8,632,877	1.04%
Brown's Realty Partnership	Real Estate	\$8,507,294	1.02%
Jones County Cotton Gin, Inc.	Agricultural	\$5,609,584	0.67%
Brunswick Timber, LLC	Timber	\$4,878,257	0.59%
Carteret-Craven EMC	Utility	\$2,906,759	0.35%
Advanced Plastic Extrusion, Inc.	Manufacturing	\$2,895,966	0.35%
Carolina Telephone	Utility	\$2,706,363	0.32%
Nunnelee Properties, LLC	Real Estate	\$2,616,725	0.31%

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 17-1 to be a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Jones County's Response to Findings

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

Purpose of this Report

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

Barrow, Parris & Davenport, P.A.

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

November 8, 2017



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

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Jones County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Jones County's major federal programs for the year ended June 30, 2017. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 17-2. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 17-2 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs at Findings 17-3 to be a significant deficiency.

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

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

Barrow, Parris & Davenport, P.A.

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

November 8, 2017



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Jones County, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of Jones County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Jones County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 17-4. Our opinion on each major State program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 17-4 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs at Findings 17-5 to be a significant deficiency.

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

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

Barrow, Parris & Davenport, P.A

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

November 8, 2017

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2017

I. SUMMARY OF AUDITOR'S RESULTS

	<u>YES</u>	<u>NO</u>
<u>Financial Statements</u>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified	<u> X </u>	<u> </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u> </u>	<u> X </u>
Noncompliance material to financial statements noted	<u> </u>	<u> X </u>
<u>Federal Awards</u>		
Internal control over major programs:		
• Material weakness(es) identified	<u> X </u>	<u> </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u> X </u>	<u> </u>
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u>	<u> </u>
Identification of major federal programs:		
<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>	
93.778	Medical Assistance Program	
Dollar threshold used to distinguish between Type A and Type B Programs	<u> \$750,000 </u>	

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2017

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

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name

Medical Assistance Program

Office of State Budget and Management – School Construction Funds

II. FINANCIAL STATEMENT FINDINGS

FINDING 17-1 (Repeat Finding)

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 expertise 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 expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 16-1.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2017

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

*Views of Responsible
Officials and Planned
Corrective Action:*

Management has opted to outsource the financial statement preparation function. Management will continue to monitor all areas of internal controls over financial reporting and will improve the related internal control process when feasible.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COST

FINDING 17-2 (Repeat Finding)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Medical Assistance Program

CFDA #'s: 93.778

MATERIAL NONCOMPLIANCE
MATERIAL WEAKNESS

Eligibility

Criteria: Counties should have a case file for each recipient. As part of the basic program requirements, Medicaid workers must obtain verification of citizenship, State residency, and health insurance coverage. As part of the financial requirements of the program, Medicaid workers must provide documentation that automated income and resource matches were completed. The client files should contain income verifications and computations of monthly earned and unearned income. A redetermination should be completed at least annually for all programs with certain programs requiring a redetermination semi-annually. For certain programs, client records should contain documentation of real property verification, verification of liquid assets, and verification of medical expenses for deductible cases. Applications should be signed by both the caseworker and recipient.

Condition: Twenty (20) case files examined contained documentation errors with some case files containing multiple errors.

Questioned Costs: \$0. No case files were determined to be ineligible to receive services.

Context: In our test of 132 client files, we noted the following deficiencies in 20 case files:

- 16 case files did not contain verification of real property
- 2 case files did not contain verification of liquid assets
- 7 case files did not contain verification of vehicles and other personal property
- 3 case files did not contain verification of earned income
- 2 case files did not contain verification of unearned income

Effect: Although no clients were determined to be ineligible to receive services, the breakdown in following prescribed internal control policies and procedures could allow ineligible clients to receive services.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2017

Cause: Responsible personnel are not properly documenting and analyzing client files.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 16-2.

Recommendation: The County should ensure that policies and procedures are implemented to ensure cases are adequately documented when determining eligibility.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with this finding. Procedures have been implemented to ensure that proper documentation is included in each client file. In addition, all cases identified with errors were reviewed immediately to ensure they remained eligible for services.

FINDING 17-3 (Repeat Finding)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

Program Name: Medical Assistance Program

CFDA #'s: 93.778

**IMMATERIAL NONCOMPLIANCE
SIGNIFICANT DEFICIENCY**

Special Tests & Provisions

Criteria: Claims for overpayments in the Work First, Food and Nutrition Services Program (Food Stamps), Medicaid Programs and AFDC/TANF are to be entered and tracked in EPICS (Enterprise Program Integrity Control System) by all counties. The county must maintain adequate documentation to substantiate the overpayment for all cases.

Condition: The County EPICS supervisor and case worker have not dedicated the amount of time needed to adequately make inquiries to discover and track new claims. The County is currently not collecting new payments in the form of recoupments but is collecting some payment on existing cases.

Questioned Cost: \$0 – Does not apply.

Context: Results of our test showed that no significant time is spent by the County on the EPICS program and the County is currently not processing new applications. Very little, if any, fraud work is being performed.

Effect: County potentially could miss discovery of new fraud cases in which the County would be entitled to collect the overpayments.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2017

Cause: The County Department of Social Services has had a significant amount of vacancies. Due to the vacancies, the EPICS supervisor and case worker did not dedicate any meaningful amount of time towards the program.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 16-5.

Recommendation: Personnel responsible for supervision should closely monitor the procedures and performance of staff and ensure controls are established, implemented and monitored in such a way the County is able to effectively monitor and recoup overpayments.

Views of Responsible Officials and Planned Corrective Actions: The County DSS agrees with this finding. The County is unable to dedicate any meaningful time towards EPICS and acknowledges the potential for the County to miss the discovery of significant amounts of new fraud claims the County may be entitled to.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 17-4

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medical Assistance Program

REFER TO FEDERAL FINDING 17-2

FINDING 17-5

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medical Assistance Program

REFER TO FEDERAL FINDING 17-3

JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
 For The Fiscal Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS**FINDING: 17-1**

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

FEDERAL AWARD FINDINGS**FINDING: 17-2**

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

FINDING: 17-3

- A. Name of Contact Person: Franky Howard, County Manager
- B. Corrective Action: The County DSS is unable to dedicate any meaningful time towards EPICS and acknowledges the potential for the County to miss the discovery of significant amounts of new fraud claims and is willing to accept the risks associated with this deficiency.
- C. Proposed Completion Date: The County plans to begin this process immediately.

STATE AWARD FINDINGS**FINDING 17-4**

REFER TO FEDERAL FINDING 17-2.

FINDING 17-5

REFER TO FEDERAL FINDING 17-3.

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2017

<u>FINDING 16-1</u>	Financial Reporting
STATUS:	Not corrected. See current year finding 17-1.
<u>FINDING 16-2</u>	Medicaid
STATUS:	Not corrected. See current year finding 17-2.
<u>FINDING 16-3</u>	Day Sheets
STATUS:	Corrected.
<u>FINDING 16-4</u>	1571- Contract
STATUS:	Corrected.
<u>FINDING 16-5</u>	EPICS
STATUS:	Not corrected. See current year finding 17-3
<u>FINDING 16-6</u>	Medicaid
STATUS:	Not corrected. Refer to Finding 17-2.
<u>FINDING 16-7</u>	Day Sheets
STATUS:	Corrected.
<u>FINDING 16-8</u>	1571- Contract
STATUS:	Corrected.
<u>FINDING 16-9</u>	EPICS
STATUS:	Not Corrected. See current year finding 17-3.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS				
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
<u>Food and Nutrition Service:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster:				
<i>Administered by County Dept. of Social Services:</i>				
State Administrative Matching Grants for the				
Supplemental Nutrition Assist. Program	10.561	\$185,907		\$185,907
Supplemental Nutrition Assist. Program Fraud	10.561	37,606		37,606
Total Supplemental Nutrition Assist. Program Cluster		\$223,513	\$0	\$223,513
<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	\$46,464		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	84,484		
		\$130,948	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$155		
Passed thru NC State Controller				
School and Roads - Grants to State	10.665	26,268		
		\$26,423	\$0	\$0
Total U.S. Department of Agriculture		\$380,884	\$0	\$223,513
<u>US DEPARTMENT OF INTERIOR</u>				
Direct Payment in Lieu of Taxes	15.226	\$103,351	\$0	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

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 Cluster:				
Economic Development	14.228	\$1,000		
2016 Commerce Fellows Program	14.228	25,000		
Total U.S. Department of Housing and Urban Development		\$26,000	\$0	\$0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Division of Emergency Management:				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	97.042	\$38,584		
Disaster Grants - Public Assistance	97.036	106,676		
Byrne Justice Assistance Grants - Search & Rescue	16.738	23,370		
Total U.S. Department of Homeland Security		\$168,630	\$0	\$0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Ageing Cluster:				
<i>Administered by County Finance Department:</i>				
<i>Special Programs for the Elderly-</i>				
Title III C-Nutritional Services (Congregate)	93.045	\$23,668	\$1,392	
Title III C-Nutritional Services (Home Delivered Meals)	93.045	30,444	12,786	
Title III-B - Access Services Transportation	93.044	11,353	9,601	
Title III-B - In-Home Services	93.044	5,205	22,819	
NSIP Supplement	93.053	9,598		
Senior Center General Purpose Funds			3,625	
Operation Fan			262	
Total Aging Cluster		\$80,268	\$50,485	\$0
Social Services Block Grant (SSBG) - In Home Services	93.667	\$3,140	\$90	\$0
<u>Office of the Population Affairs:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$16,751		
Temporary Assistance for Needy Families	93.558	1,337		
Total Population Affairs		\$18,088	\$0	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>Administration for Children and Families:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Foster Care and Adoption Cluster:				
Title IV-E Foster Care-Administration	93.658	\$78,313	\$25,661	\$52,239
Foster Care-Direct Benefit Payments	93.658	8,524		657
Adoption Assistance-Direct Benefit Payments	93.659	29,226	23,440	10,171
Total Foster Care and Adoption Cluster		\$116,063	\$49,101	\$63,067
<u>Temporary Assistance for Needy Families Cluster</u>				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$46,599		\$11,915
Work First Services	93.558	116,689		23,659
Work First/TANF-Direct Benefit Payments	93.558	28,803	(\$39)	(39)
Total TANF Cluster		\$192,091	(\$39)	\$35,535
NC Child Support Enforcement Section	93.563	\$488		\$252
IV-D Administration	93.563	262,210		135,078
		\$262,698	\$0	\$135,330
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$8,676		
Crisis Intervention Program	93.568	21,623		
Energy Assistance Payments-Direct Benefit Payments	93.568	52,800		
		\$83,099	\$0	\$0
Permanency Planning-Administration	93.645	\$1,529	\$0	\$510
Chafee Foster Care Independence Program	93.674	\$109	\$27	\$0
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Social Services Block Grant	93.667	\$67,369	\$6,437	\$23,392
Division of Child Development:				
Subsidized Child Care				
Child Care Development Fund Cluster:				
Division of Social Services:				
Child Care and Development Fund-Administration	93.596	\$80,607		
Division of Child Development:				
Child Care and Development Fund-Discretionary	93.575	235,783		
Child Care and Development Fund-Mandatory	93.596	89,440		
Child Care and Development Fund-Match	93.596	27,323		
Total Child Care Development Fund Cluster		\$433,153	\$0	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
Temporary Assistance for Needy Families	93.558	\$74,959		
Foster Care Title IV-E	93.658	7,351	\$3,669	
State Appropriations			74,757	
TANF-MOE Daycare			45,393	
Total Subsidized Child Care		\$515,463	\$123,819	\$0
<u>Center for Medicare and Medicaid Services:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<i>Division of Medical Assistance:</i>				
<i>Administered by County Department of Social Services:</i>				
Medical Assistance Program Administration	93.778	\$120,022		\$116,066
Medical Assistance Program	93.778	431,329		143,959
NC Health Choice Administration	93.767	4,346	\$7	5
<i>Administered by County Health Department:</i>				
<i>Direct Benefit Payments:</i>				
Medical Assistance Program	93.778	10,637,020	5,870,491	
NC Health Choice	93.767	236,047	590	
		\$11,428,764	\$5,871,088	\$260,030
<u>Health Resources and Services Administration:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<i>Administered by County Health Department:</i>				
Maternal and Child Health Services Block Grant	93.994	\$23,727	\$17,797	\$0
<i>Passed Through NC Department of Health and Human Services and Pitt County Health Department:</i>				
Minority Diabetes Prevention Program		\$0	\$6,629	\$0
<u>Centers for Disease Control</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
<i>Division of Public Health:</i>				
<i>Administered by County Health Department:</i>				
Cancer Prevention & Control Program	93.752	\$3,570		
Prescription Drug Overdose (PDO) Prevention	93.136	1,500		
Statewide Health Promotion Program	93.758	27,815		
Wisewoman Project	93.094	5,550		
Agreements for TB Control Programs	93.116	50		
HIV Prevention Activities	93.940	3,000		
Preventative Health - STD Control	93.977	988		
Public Health Emergency	93.074	41,266		
		\$83,739	\$0	\$0
<u>Immunization Cluster</u>				
Immunization Grants	93.268	\$2,356		
PPHF - Immunizations	93.539	3,812		
Total Immunization Cluster		\$6,168	\$0	\$0
Total U.S. Department of Health and Human Services		\$12,882,315	\$6,125,434	\$517,864
TOTAL FEDERAL ASSISTANCE		\$13,561,180	\$6,125,434	\$741,377

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
STATE PROGRAMS				
NC DEPARTMENT OF THE GOVERNOR:				
Division of Veteran Affairs				
Veteran Affairs		\$0	\$2,130	\$0
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$65,119	\$65,119
St Child Welfare/CPS			5,309	
Energy Assistance Private Grant			18,032	
SFHF Maximization			5,898	5,898
State Foster Home			3,486	3,486
SAA/SAD HB 1030			3,757	3,213
		\$0	\$101,601	\$77,716
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Aid to Counties			\$78,930	
Food & Lodging			3,270	
HMHC - Family Planning			3,180	
Child Health			539	
Maternal Health (HMHC)			2,096	
Communicable Disease			9,778	
School Nurse Funding Initiative			48,209	
Breast and Cervical Cancer Program			4,059	
HIV/STD SSBG Aid			500	
Tuberculosis & TB Medical Services			3,327	
Sexually Transmitted Diseases			119	
Women's Health Service Fund			2,356	
Electronic Health Records			19,388	
		\$0	\$175,751	\$0
Total NC Department of Health and Human Services		\$0	\$277,352	\$77,716
NATURAL RESOURCE DIVISION				
<i>Administered by County Department of Soil Conservation</i>				
Soil & Water Conservation			\$28,043	
Parks & Recreation Trust Fund Grant - Brock's Mill Pond			52,895	
Electronic Management			773	
		\$0	\$81,711	\$0
NC DEPARTMENT OF PUBLIC SAFETY:				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency			\$83,360	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
ROAP Elderly & Disabled Transportation Assistance			\$50,888	
ROAP Rural General Work Program			14,526	
ROAP Work First Transitional Employment			3,630	
Division 2 Pollocksville Fire Department			25,000	
		\$0	\$94,044	\$0
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIP Grant			\$2,269	\$0
		\$0	\$2,269	\$0
<u>NC DEPARTMENT OF PUBLIC INSTRUCTION:</u>				
Public School Building Capital Fund - Lottery Proceeds			\$169,367	\$0
		\$0	\$169,367	\$0
<u>OFFICE OF STATE BUDGET AND MANAGEMENT:</u>				
School Construction Funds			\$1,985,661	\$0
		\$0	\$1,985,661	\$0
TOTAL STATE ASSISTANCE			\$2,695,894	\$77,716
TOTAL FEDERAL AND STATE ASSISTANCE		\$13,561,180	\$8,821,328	\$819,093

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Jones County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Jones County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Jones County.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Jones County as elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CLUSTER OF PROGRAMS

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.