

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2018

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Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2018

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

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Mike Haddock
Chairperson

Frank Emory

Zack Koonce

Sondra Ipock Riggs

Joseph F. Wiggins

COUNTY OFFICIALS

Franky Howard
County Manager

Hope Avery
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



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

PO OFFICE BOX 6069
KINSTON, NC 28501-0069

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

TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

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, 2018, 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, 2018, 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, 60 through 61, 62 through 63, and 64 through 65, 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, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019, 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

January 15, 2019

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, 2018. 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

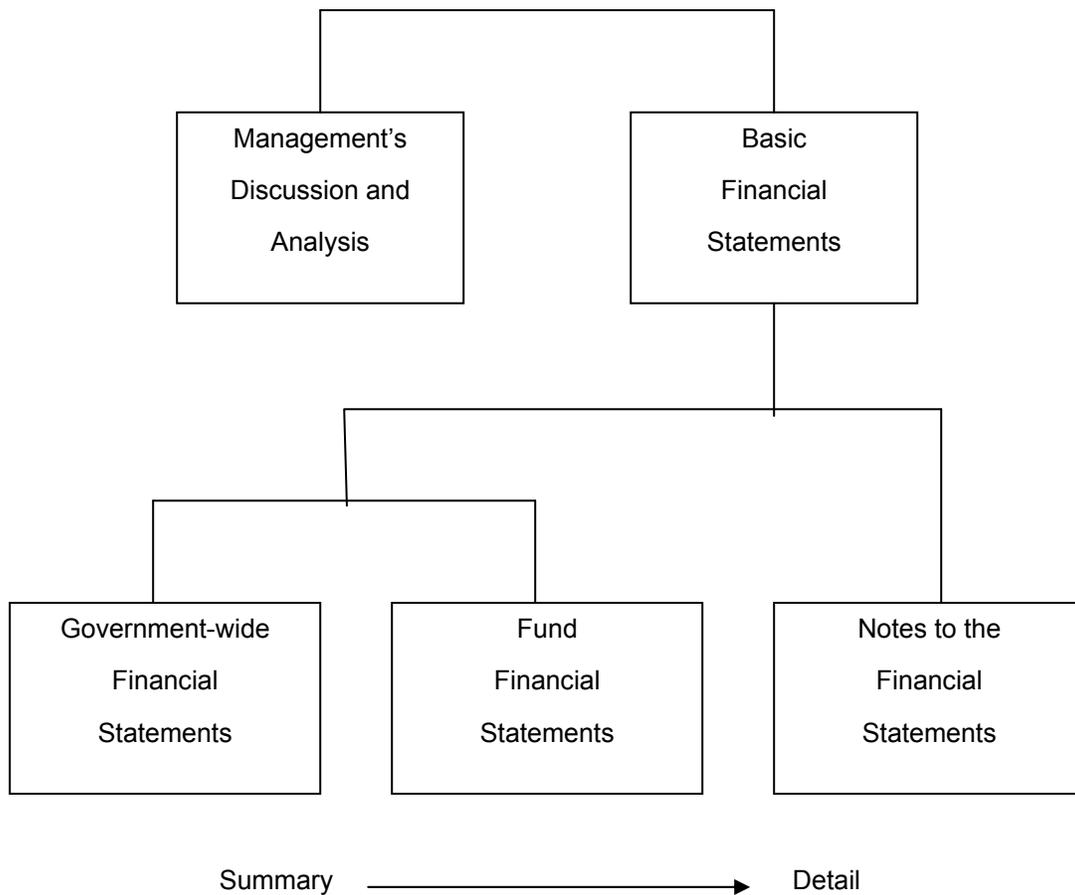
- The assets and deferred outflows of resources of Jones County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,332,940 (*net position*).
- The government's total net position increased by \$1,077,211, primarily due to increased net position in the governmental funds. This increase is due in part to decreased expenditures in some human services programs such as day care as a result of funds being paid directly rather than passing through the County, and management's focus on monitoring spending.
- 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 \$18,137,627, a decrease of \$187,175 in comparison with the prior year. At June 30, 2018, approximately 73.18% of this total amount or \$13,273,973 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,650,018, or 27.01% of total general fund expenditures for the fiscal year.
- Jones County is financing a new K-12 school for the Jones County Board of Education. The County received QZAB proceeds of \$8,998,000 and Taxable Loan proceeds of \$2,742,712 in the current year. The County incurred expenditures of \$12,709,868 in the current year and due to the nature of the financing agreement has recorded an intangible asset on the Statement of Net Position in the amount of \$14,695,529 which represents project to date expenditures.
- Jones County's total debt increased by \$11,453,925 (220.23%) during the current fiscal year. The County incurred new debt in the amount of \$11,740,712 for a new school, \$202,625 for the purchase of equipment for emergency services, and \$13,227 for the purchase of equipment for the jail.

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 22 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 60 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 \$34,332,940 as of June 30, 2018. The County's net position increased by \$1,077,211 for the fiscal year ended June 30, 2018. One of the largest portions \$11,670,338 (33.99%) 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 \$13,321,384 (38.80%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,341,218 (27.21%) is unrestricted.

Jones County's Net Position

Figure 2

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$34,878,509 | \$19,912,585 | \$3,443,355 | \$3,433,941 | \$38,321,864 | \$23,346,526 |
| Capital assets | 7,330,358 | 9,215,933 | 7,630,178 | 7,725,248 | 14,960,536 | 16,941,181 |
| Total assets | \$42,208,867 | \$29,128,518 | \$11,073,533 | \$11,159,189 | \$53,282,400 | \$40,287,707 |
| Total deferred outflows of resources | \$813,810 | \$1,180,330 | \$58,143 | \$82,969 | \$871,953 | \$1,263,299 |
| Current Liabilities | \$1,187,684 | \$819,266 | \$203,417 | \$188,611 | \$1,391,101 | \$1,007,877 |
| Long-Term Liabilities | 16,365,671 | 5,031,910 | 1,977,285 | 2,143,366 | 18,342,956 | 7,175,276 |
| Total liabilities | \$17,553,355 | \$5,851,176 | \$2,180,702 | \$2,331,977 | \$19,734,057 | \$8,183,153 |
| Total deferred inflows of resources | \$80,265 | \$107,579 | \$7,091 | \$5,545 | \$87,356 | \$113,124 |
| Net position: | | | | | | |
| Net investment in capital assets | \$5,890,086 | \$7,943,303 | \$5,780,252 | \$5,727,727 | \$11,670,338 | \$13,671,030 |
| Restricted | 13,293,951 | 14,137,652 | 27,433 | 27,411 | 13,321,384 | 14,165,063 |
| Unrestricted | 6,205,020 | 2,270,138 | 3,136,198 | 3,149,498 | 9,341,218 | 5,419,636 |
| Total net position | \$25,389,057 | \$24,351,093 | \$8,943,883 | \$8,904,636 | \$34,332,940 | \$33,255,729 |

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 97.05% which is a slight decrease compared to last year's collection rate of 97.53%.
- 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 been 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 | |
|---|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$1,377,733 | \$1,341,634 | \$1,443,076 | \$1,413,013 | \$2,820,809 | \$2,754,647 |
| Operating grants and contributions | 3,249,346 | 3,500,985 | | | 3,249,346 | 3,500,985 |
| Capital grants and contributions | 253,004 | 3,282,088 | | | 253,004 | 3,282,088 |
| General revenues: | | | | | | |
| Property taxes | 7,481,690 | 6,778,818 | | | 7,481,690 | 6,778,818 |
| Other taxes | 1,940,800 | 1,854,181 | | | 1,940,800 | 1,854,181 |
| Grants and contributions not restricted to specific programs | 37,453 | 142,774 | | | 37,453 | 142,774 |
| Other | 243,850 | 163,827 | 11,887 | 70 | 255,737 | 163,897 |
| Total revenues | \$14,583,876 | \$17,064,307 | \$1,454,963 | \$1,413,083 | \$16,038,839 | \$18,477,390 |
| Expenses: | | | | | | |
| General government | \$2,386,576 | \$2,471,680 | | | \$2,386,576 | \$2,471,680 |
| Public safety | 3,967,383 | 3,857,415 | | | 3,967,383 | 3,857,415 |
| Environmental Protection | 627,048 | 606,627 | | | 627,048 | 606,627 |
| Economic and physical development | 330,436 | 344,263 | | | 330,436 | 344,263 |
| Human services | 3,253,861 | 3,801,455 | | | 3,253,861 | 3,801,455 |
| Cultural and recreation | 755,511 | 341,504 | | | 755,511 | 341,504 |
| Education | 2,301,900 | 2,307,040 | | | 2,301,900 | 2,307,040 |
| Interest on long-term debt | 58,197 | 57,374 | | | 58,197 | 57,374 |
| Water | | | \$1,280,716 | \$1,210,024 | 1,280,716 | 1,210,024 |
| Total expenses | \$13,680,912 | \$13,787,358 | \$1,280,716 | \$1,210,024 | \$14,961,628 | \$14,997,382 |
| Increase in net position before transfers and special item | \$902,964 | \$3,276,949 | \$174,247 | \$203,059 | \$1,077,211 | \$3,480,008 |
| Special Item - Capital Contribution from Town of Pollockville | | | | 264,000 | | 264,000 |
| Transfers | 135,000 | 159,575 | (135,000) | (159,575) | | |
| Increase (Decrease) in net position | \$1,037,964 | \$3,436,524 | \$39,247 | \$307,484 | \$1,077,211 | \$3,744,008 |
| Net position, beginning, previously reported | 24,351,093 | 20,961,801 | 8,904,636 | 8,597,152 | 33,255,729 | 29,558,953 |
| Restatement | | (47,232) | | | | (47,232) |
| Net position, beginning, restated | 24,351,093 | 20,914,569 | 8,904,636 | 8,597,152 | 33,255,729 | 29,511,721 |
| Net position, ending | \$25,389,057 | \$24,351,093 | \$8,943,883 | \$8,904,636 | \$34,332,940 | \$33,255,729 |

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

Governmental Activities: Governmental activities increased the County's net position by \$1,037,964 compared to an increase of \$3,436,524 in 2017. Key elements of the increase in 2018 are as follows:

- Expenditures decreased in some of the human services programs such as day care as a result of funds being paid directly rather than passing through the County.
- 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 \$39,247 compared to an increase of \$307,484 in 2017. Key elements of this increase in 2018 are as follows:

- 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 \$5,701,998, while total fund balance reached \$6,919,520. Of this fund balance available, \$905,323 is restricted, \$333,498 is committed, and \$813,159 is assigned, leaving \$3,650,018 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 27.01% of total General Fund expenditures, while total fund balance represents 51.21% 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, 2018, Jones County is above the range established by the Board.

At June 30, 2018, the governmental funds of Jones County reported a combined fund balance of \$18,137,627 compared to \$18,324,802 at June 30, 2017. The primary reason for this decrease is due to expenditures incurred in the current year for the school construction project.

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 \$476,126.

Proprietary Funds: Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$3,136,198. The total increase in net position was \$39,247. 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, 2018, totals \$14,960,536 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- The County purchased an ambulance for \$100,065.
- The County purchased land for \$80,968.
- 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. Preliminary work has started on this project and \$260,674 was spent in the current fiscal year.

Jones County's Capital Assets
(net of depreciation)

Figure 4

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$625,918 | \$548,351 | \$54,808 | \$54,808 | \$680,726 | \$603,159 |
| Buildings and system | 5,333,642 | 5,511,064 | 7,176,363 | 7,579,378 | 12,510,005 | 13,090,442 |
| Machinery and equipment | 1,138,526 | 1,008,464 | 130,377 | 83,106 | 1,268,903 | 1,091,570 |
| Infrastructure | 106,451 | 109,497 | | | 106,451 | 109,497 |
| Construction in Progress | 125,821 | 2,038,557 | 268,630 | 7,956 | 394,451 | 2,046,513 |
| Total | \$7,330,358 | \$9,215,933 | \$7,630,178 | \$7,725,248 | \$14,960,536 | \$16,941,181 |

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 | |
|--------------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Capitalized Leases | \$96,399 | | | | \$96,399 | |
| Installment Purchases | 14,708,518 | \$3,203,397 | \$1,849,926 | \$1,997,521 | 16,558,444 | \$5,200,918 |
| Compensated Absences | 357,419 | 346,959 | 56,090 | 50,789 | 413,509 | 397,748 |
| Net Pension Liability (LGERS) | 1,012,957 | 1,355,136 | 71,268 | 95,056 | 1,084,225 | 1,450,192 |
| Net Pension Liability (LEOSSA) | 190,378 | 126,418 | | | 190,378 | 126,418 |
| | \$16,365,671 | \$5,031,910 | \$1,977,284 | \$2,143,366 | \$18,342,955 | \$7,175,276 |

Jones County's total liabilities increased by \$11,167,679 (60.88%) during the past fiscal year. The County incurred new debt for the new school construction project and for the purchase of equipment for the emergency management department.

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 \$69,385,800. At June 30, 2018, Jones County had general obligations and capitalized leases outstanding of \$16,654,843 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 50 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, 2018, the County unemployment rate was 4.1%. This is just below the State average of 4.2%. Jones County has a labor force of 3,815 with only 156 that are unemployed.
- Highway 17 improvements are fully funded, and construction has begun. This will make highway 17 four lanes from the Onslow County line up to the Craven County line. Construction began in 2015, and right-of-way acquisitions are still underway with property owners along the corridor. As of June 30, 2018, the project is ahead of schedule. The highway should be open for traffic by 2020.
- As of June 30, 2018, total building permits issued were 532. This was down slightly from the 609 that were issued as of June 30, 2017.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: The County was able to decrease its property tax rate by 3 cents from .84 to .81 for 2018. The County continues to strive to keep a lean budget and is making every effort to increase the collection rate county wide. The decreased tax rate was due to a settlement of the Voting Rights Act lawsuit filed in February 2017. Jones County has established seven 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. The tiered rate structure helps to promote water conservation. This also makes 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, 2018

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|---------------------|---------------------------|
| | Governmental Activities | Business-type Activities | Total | Jones County ABC Board |
| Assets: | | | | |
| Cash and Cash Equivalents | \$6,283,046 | \$3,010,414 | \$9,293,460 | \$45,164 |
| Receivables (Net) | 742,376 | 197,703 | 940,079 | |
| Due From Other Governments | 942,297 | | 942,297 | |
| Inventories | 912 | 77,305 | 78,217 | 158,002 |
| Prepaid Items | | | | 11,087 |
| Restricted Cash and Cash Equivalents | 11,843,221 | 157,933 | 12,001,154 | |
| Net Pension Asset | 14,128 | | 14,128 | |
| Notes Receivable: | | | | |
| Due Within One Year | 87,000 | | 87,000 | |
| Due in More Than One Year | 270,000 | | 270,000 | |
| Intangible Asset - Future Right to Receive Jones K-12 School | 14,695,529 | | 14,695,529 | |
| Capital Assets: | | | | |
| Land, Improvements, and Construction in Progress | 751,739 | 323,438 | 1,075,177 | |
| Other Capital Assets, Net of Depreciation | 6,578,619 | 7,306,740 | 13,885,359 | 30,397 |
| Total Capital Assets | \$7,330,358 | \$7,630,178 | \$14,960,536 | \$30,397 |
| Total Assets | \$42,208,867 | \$11,073,533 | \$53,282,400 | \$244,650 |
| Deferred Outflows of Resources | \$813,810 | \$58,143 | \$871,953 | \$17,158 |
| Liabilities: | | | | |
| Accounts Payable and Accrued Expenses | \$1,172,190 | \$72,917 | \$1,245,107 | \$89,930 |
| Accrued Interest Payable | 15,494 | | 15,494 | |
| Liabilities to be Paid From Restricted Assets | | 130,500 | 130,500 | |
| Long-term Liabilities: | | | | |
| Due within one year | 387,266 | 147,889 | 535,155 | |
| Due in more than one year | 14,775,070 | 1,758,127 | 16,533,197 | |
| Net Pension Liability - LGERS | 1,012,957 | 71,269 | 1,084,226 | 19,249 |
| Total Pension Liability - LEOSSA | 190,378 | | 190,378 | |
| Total Long-term Liabilities | \$16,365,671 | \$1,977,285 | \$18,342,956 | \$19,249 |
| Total Liabilities | \$17,553,355 | \$2,180,702 | \$19,734,057 | \$109,179 |
| Deferred Inflows of Resources | \$80,265 | \$7,091 | \$87,356 | \$1,688 |
| Net Position: | | | | |
| Net Investment In Capital Assets | \$5,890,086 | \$5,780,252 | \$11,670,338 | \$30,397 |
| Restricted For: | | | | |
| Register of Deeds | 4,814 | | 4,814 | |
| Register of Deeds Pension Plan | 20,890 | | 20,890 | |
| Public Safety | 2,746 | | 2,746 | |
| Environmental Protection | 28,089 | | 28,089 | |
| Education | 11,874,781 | | 11,874,781 | |
| Stabilization by State Statute | 1,216,610 | | 1,216,610 | |
| Human Services | 67,209 | | 67,209 | |
| Working Capital | | | | 32,827 |
| USDA Loan Payments | 78,812 | 27,433 | 106,245 | |
| Unrestricted | 6,205,020 | 3,136,198 | 9,341,218 | 87,717 |
| Total Net Position | \$25,389,057 | \$8,943,883 | \$34,332,940 | \$150,941 |

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, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit Jones County ABC Board |
|---|---------------------|-------------------------|--|--|---|-----------------------------|----------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | \$2,386,576 | \$200,354 | \$45,110 | | (\$2,141,112) | | (\$2,141,112) | |
| Public Safety | 3,967,383 | 653,198 | 106,112 | | (3,208,073) | | (3,208,073) | |
| Environmental Protection | 627,048 | 490,781 | 395,009 | | 258,742 | | 258,742 | |
| Economic and Physical Development | 330,436 | 7,375 | | \$12,575 | (310,486) | | (310,486) | |
| Human Services | 3,253,861 | 20,705 | 2,660,318 | | (572,838) | | (572,838) | |
| Cultural and Recreation | 755,511 | 4,570 | | 3,900 | (747,041) | | (747,041) | |
| Education | 2,301,900 | 750 | 42,797 | 236,529 | (2,021,824) | | (2,021,824) | |
| Interest on Long-Term Debt | 58,197 | | | | (58,197) | | (58,197) | |
| Total Governmental Activities | \$13,680,912 | \$1,377,733 | \$3,249,346 | \$253,004 | (\$8,800,829) | \$0 | (\$8,800,829) | |
| Business-type Activity: | | | | | | | | |
| Water | \$1,280,716 | \$1,443,076 | | | | \$162,360 | \$162,360 | |
| Total Business-type Activities | \$1,280,716 | \$1,443,076 | \$0 | \$0 | \$0 | \$162,360 | \$162,360 | |
| | \$14,961,628 | \$2,820,809 | \$3,249,346 | \$253,004 | (\$8,800,829) | \$162,360 | (\$8,638,469) | |
| Component Units: | | | | | | | | |
| ABC Board | \$1,077,958 | \$1,101,120 | | | | | | \$23,162 |
| Total Component Unit | \$1,077,958 | \$1,101,120 | \$0 | \$0 | | | | \$23,162 |
| <i>General Revenues:</i> | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes, Levied for General Purpose | | | | | \$7,481,690 | | \$7,481,690 | |
| Local Option Sales Tax | | | | | 1,895,453 | | 1,895,453 | |
| Other Taxes and Licenses | | | | | 45,347 | | 45,347 | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 37,453 | | 37,453 | |
| Investment Earnings, Unrestricted | | | | | 127,520 | \$164 | 127,684 | |
| Miscellaneous, Unrestricted | | | | | 116,330 | 11,723 | 128,053 | |
| Total General Revenues Excluding Special Items and Transfers | | | | | \$9,703,793 | \$11,887 | \$9,715,680 | \$0 |
| Transfers | | | | | 135,000 | (135,000) | | |
| Total General Revenues, Special Items, and Transfers | | | | | \$9,838,793 | (\$123,113) | \$9,715,680 | \$0 |
| Change in Net Position | | | | | \$1,037,964 | \$39,247 | \$1,077,211 | \$23,162 |
| Net Position, Beginning | | | | | 24,351,093 | 8,904,636 | 33,255,729 | 127,779 |
| NET POSITION, ENDING | | | | | \$25,389,057 | \$8,943,883 | \$34,332,940 | \$150,941 |

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

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

| | Major General | Major School Construction Fund | Non-Major Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---|---|--------------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$6,279,441 | | \$3,605 | \$6,283,046 |
| Restricted Cash | 125,087 | \$11,634,679 | 83,455 | 11,843,221 |
| Receivables, Net | 632,082 | | 9,031 | 641,113 |
| Due From Other Governments | 740,770 | | 201,527 | 942,297 |
| Due From Other Funds | 188,951 | | | 188,951 |
| Current Portion-Notes Receivable | 87,000 | | | 87,000 |
| Inventories | 912 | | | 912 |
| Notes Receivable | 270,000 | | | 270,000 |
| TOTAL ASSETS | \$8,324,243 | \$11,634,679 | \$297,618 | \$20,256,540 |
| LIABILITIES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable and Accrued Liabilities | \$670,919 | \$486,297 | \$14,974 | \$1,172,190 |
| Due to Other Funds | | | 188,951 | 188,951 |
| Total Liabilities | \$670,919 | \$486,297 | \$203,925 | \$1,361,141 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| | \$733,804 | \$0 | \$23,968 | \$757,772 |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Inventories | \$912 | | | \$912 |
| Restricted: | | | | |
| Stabilization by State Statute | 1,216,610 | | | 1,216,610 |
| Register of Deeds | 4,814 | | | 4,814 |
| Fire Protection | | | \$2,746 | 2,746 |
| Health Department | 67,209 | | | 67,209 |
| White Goods | 28,089 | | | 28,089 |
| School Capital | 726,399 | \$11,148,382 | | 11,874,781 |
| USDA Loan Payments | 78,812 | | | 78,812 |
| Committed: | | | | |
| Cultural & Recreation | | | (3,900) | (3,900) |
| Economic Development | 333,498 | | (12,576) | 320,922 |
| Tax Revaluation | | | 83,455 | 83,455 |
| Assigned: | | | | |
| Long-Term Screening | 87,808 | | | 87,808 |
| Soil Conservation | 10,110 | | | 10,110 |
| Subsequent Year's Expenditures | 715,241 | | | 715,241 |
| Unassigned | 3,650,018 | | | 3,650,018 |
| Total Fund Balances | \$6,919,520 | \$11,148,382 | \$69,725 | \$18,137,627 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| | \$8,324,243 | \$11,634,679 | \$297,618 | |

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

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

| | |
|--|----------------------------|
| Total Fund Balance, Governmental Funds | \$18,137,627 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 7,330,358 |
| Net pension asset | 14,128 |
| Contributions to pension plans in the current fiscal year that are deferred outflows of resources on the Statement of Net Position | 319,549 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 560 |
| Intangible Asset - Future Right to Receive Jones K-12 School | 14,695,529 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. | 101,263 |
| Net pension liability | (1,012,957) |
| Total pension liability | (190,378) |
| Deferred inflows of resources for taxes and special assessments receivable | 726,159 |
| Pension related deferrals | 445,049 |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6). | (15,177,830) |
| Net Position of Governmental Activities | <u>\$25,389,057</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, 2018

| | <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 | \$7,263,574 | | \$157,141 | \$7,420,715 |
| Local Option Sales Taxes | 1,894,024 | | 1,429 | 1,895,453 |
| Other Taxes and Licenses | 66,535 | | | 66,535 |
| Unrestricted Intergovernmental | 142,964 | | | 142,964 |
| Restricted Intergovernmental | 3,034,381 | | 349,343 | 3,383,724 |
| Permits and Fees | 173,315 | | | 173,315 |
| Sales and Services | 1,112,126 | | | 1,112,126 |
| Investment Earnings | 127,520 | \$67,432 | | 194,952 |
| Miscellaneous | 115,423 | 750 | | 116,173 |
| TOTAL REVENUES | \$13,929,862 | \$68,182 | \$507,913 | \$14,505,957 |
| EXPENDITURES: | | | | |
| <i>Current:</i> | | | | |
| General Government | \$2,409,685 | | \$5,892 | \$2,415,577 |
| Public Safety | 3,870,910 | | 157,141 | 4,028,051 |
| Environmental Protection | 628,240 | | | 628,240 |
| Economic and Physical Development | 227,836 | | 12,576 | 240,412 |
| Human Services | 3,224,293 | | | 3,224,293 |
| Cultural and Recreational | 344,645 | | 386,799 | 731,444 |
| Miscellaneous-County | 93,346 | | | 93,346 |
| <i>Intergovernmental:</i> | | | | |
| Education | 2,301,900 | \$12,709,868 | | 15,011,768 |
| <i>Debt Service:</i> | | | | |
| Principal | 355,048 | | | 355,048 |
| Interest | 56,517 | | | 56,517 |
| Total Expenditures | \$13,512,420 | \$12,709,868 | \$562,408 | \$26,784,696 |
| Excess (Deficiency) of Revenues Over Expenditures | \$417,442 | (\$12,641,686) | (\$54,495) | (\$12,278,739) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from Other Funds | \$135,000 | | \$39,448 | \$174,448 |
| Transfers to Other Funds | (39,448) | | | (39,448) |
| Installment Purchase Obligation Issued | 96,000 | \$11,740,712 | | 11,836,712 |
| Capital Leases | 119,852 | | | 119,852 |
| Total Other Financing Sources (Uses) | \$311,404 | \$11,740,712 | \$39,448 | \$12,091,564 |
| Net Change in Fund Balance | \$728,846 | (\$900,974) | (\$15,047) | (\$187,175) |
| <i>Fund Balances, Beginning</i> | 6,190,674 | 12,049,356 | 84,772 | 18,324,802 |
| FUND BALANCES, ENDING | \$6,919,520 | \$11,148,382 | \$69,725 | \$18,137,627 |

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, 2018

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

| | |
|--|--------------------|
| Net changes in fund balances - total governmental funds | (\$187,175) |
| 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. | 117,660 |
| Costs of capital assets disposed of during the year, not recognized on modified accrual basis | (17,574) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 319,549 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 560 |
| Expenses reported in the fund statements that are reported as an intangible asset on the government-wide statements | 12,709,868 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 86,672 |
| 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. | (11,601,520) |
| 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. | (390,076) |
| Total Changes in Net Position of Governmental Activities | \$1,037,964 |

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, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Positive (Negative) |
|---|----------------------------|-------------------------|---------------------|--|
| Revenues: | | | | |
| Ad Valorem Taxes | \$6,979,450 | \$6,999,715 | \$7,263,574 | \$263,859 |
| Local Option Sales Tax | 1,757,000 | 1,758,714 | 1,894,024 | 135,310 |
| Other Taxes and Licenses | 154,593 | 154,593 | 66,535 | (88,058) |
| Unrestricted Intergovernmental | 130,000 | 130,000 | 142,964 | 12,964 |
| Restricted Intergovernmental | 3,917,476 | 3,812,198 | 3,034,381 | (777,817) |
| Permits and Fees | 489,207 | 164,050 | 173,315 | 9,265 |
| Sales and Services | 497,100 | 1,119,275 | 1,112,126 | (7,149) |
| Investment Earnings | 30,000 | 30,539 | 127,520 | 96,981 |
| Miscellaneous | 128,780 | 123,271 | 115,423 | (7,848) |
| Total Revenues | \$14,083,606 | \$14,292,355 | \$13,929,862 | (\$362,493) |
| Expenditures: | | | | |
| <i>Current:</i> | | | | |
| General Government | \$2,768,268 | \$2,624,761 | \$2,409,685 | \$215,076 |
| Public Safety | 3,649,784 | 4,094,703 | 3,870,910 | 223,793 |
| Environmental Protection | 670,839 | 671,508 | 628,240 | 43,268 |
| Economic and Physical Development | 325,353 | 286,217 | 227,836 | 58,381 |
| Human Services | 4,092,100 | 4,163,287 | 3,224,293 | 938,994 |
| Cultural and Recreational | 245,854 | 366,668 | 344,645 | 22,023 |
| Miscellaneous-County | 135,700 | 130,799 | 93,346 | 37,453 |
| <i>Intergovernmental:</i> | | | | |
| Education | 2,409,976 | 2,387,287 | 2,301,900 | 85,387 |
| <i>Debt Service:</i> | | | | |
| Principal Retirement | 360,412 | 355,048 | 355,048 | |
| Interest | 2,700 | 56,834 | 56,517 | 317 |
| Total Expenditures | \$14,660,986 | \$15,137,112 | \$13,512,420 | \$1,624,692 |
| Revenues Over (Under) Expenditures | (\$577,380) | (\$844,757) | \$417,442 | \$1,262,199 |
| Other Financing Sources (Uses): | | | | |
| Transfers (To) From Other Funds | \$135,000 | \$95,552 | \$95,552 | |
| Installment Purchase Obligation Issued | | 96,000 | 96,000 | |
| Capital Leases | | 119,852 | 119,852 | |
| Appropriated Fund Balance | 442,380 | 533,353 | | (\$533,353) |
| Total Other Financing Sources (Uses) | \$577,380 | \$844,757 | \$311,404 | (\$533,353) |
| Net Change in Fund Balance | \$0 | \$0 | \$728,846 | \$728,846 |
| <i>Fund Balances:</i> | | | | |
| Beginning of Year, July 1 | | | 6,190,674 | |
| End of Year, June 30 | | | \$6,919,520 | |

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, 2018

| | Major Fund |
|---|---------------------|
| | Water |
| <u>ASSETS</u> | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$3,010,414 |
| Receivables, Net | 197,703 |
| Inventories | 77,305 |
| Total Current Assets | \$3,285,422 |
| <i>Noncurrent Assets:</i> | |
| Restricted Cash and Cash Equivalents | \$157,933 |
| Capital Assets: | |
| Land, Improvements, and Construction in Progress | 323,438 |
| Other Capital Assets, Net of Depreciation | 7,306,740 |
| Total Capital Assets | \$7,630,178 |
| TOTAL ASSETS | \$11,073,533 |
| DEFERRED OUTFLOWS OF RESOURCES | \$58,143 |
| <u>LIABILITIES</u> | |
| <i>Liabilities:</i> | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | \$72,917 |
| Current Portion of Installment Obligation Payable | 147,889 |
| Total Current Liabilities | \$220,806 |
| <i>Noncurrent Liabilities:</i> | |
| Liabilities Payable from Restricted Assets: | |
| Customer Deposits | \$130,500 |
| Compensated Absences | 56,090 |
| Installment Obligation Payable | 1,702,037 |
| Net Pension Liability | 71,269 |
| Total Noncurrent Liabilities | \$1,959,896 |
| TOTAL LIABILITIES | \$2,180,702 |
| DEFERRED INFLOWS OF RESOURCES | \$7,091 |
| <i>Net Position:</i> | |
| Net Investment In Capital Assets | \$5,780,252 |
| Restricted | 27,433 |
| Unrestricted | 3,136,198 |
| Total Net Position | \$8,943,883 |

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, 2018

| | Major Fund |
|--|--------------------|
| | Water |
| OPERATING REVENUES: | |
| Water Sales | \$1,368,185 |
| Water Tap Fees | 26,503 |
| Reconnect Fees | 21,840 |
| Other Operating Revenues | 26,548 |
| Total Operating Revenues | \$1,443,076 |
| OPERATING EXPENSES: | |
| Administration | \$230,155 |
| Raw Water Supply Maintenance | 571,881 |
| Depreciation | 458,878 |
| Total Operating Expenses | \$1,260,914 |
| Operating Income | \$182,162 |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Earned on Investment | \$164 |
| Interest on Long-Term Debt | (19,802) |
| Gain on Disposal of Fixed Assets | 11,723 |
| Total Nonoperating Revenues | (\$7,915) |
| Income (Loss) Before Contributions and Transfers | \$174,247 |
| Transfers From (To) Other Funds | (135,000) |
| Change in Net Position | \$39,247 |
| Total Net Position, Beginning | 8,904,636 |
| Total Net Position, Ending | \$8,943,883 |

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, 2018

| | Major Fund |
|--|--------------------|
| | Water |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received From Customers | \$1,415,666 |
| Cash Paid for Goods and Services | (413,287) |
| Cash Paid to Employees for Services | (381,026) |
| Customer Deposits Received | 26,100 |
| Customer Deposits Returned | (18,700) |
| Other Operating Revenues | 26,548 |
| Net Cash Provided (Used) by Operating Activities | \$655,301 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers In (Out) | (\$135,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition and Construction of Capital Assets | (\$363,808) |
| Proceeds from Sale of Fixed Assets | 11,723 |
| Principal Paid on Indebtedness | (147,595) |
| Interest Paid on Indebtedness | (19,802) |
| Net Cash Used by Capital and Related Financing Activities | (\$519,482) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on Investments | \$164 |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$983 |
| Cash and Cash Equivalents, July 1 | 3,167,364 |
| Cash and Cash Equivalents, June 30 | \$3,168,347 |
| <i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i> | |
| Operating Income (Loss) | \$182,889 |
| <i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i> | |
| Depreciation | \$458,878 |
| <i>Changes in Operating Assets and Liabilities:</i> | |
| Decrease (Increase) in Accounts Receivable | (1,589) |
| Decrease (Increase) in Inventory | (6,842) |
| Decrease (Increase) in Deferred Outflows of Resources for Pensions | 27,727 |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 7,406 |
| Increase (Decrease) in Customer Deposits | 7,400 |
| Increase (Decrease) in Accrued Vacation Payable | 5,301 |
| Increase (Decrease) in Net Pension Liability | (23,787) |
| Increase (Decrease) in Deferred Inflows of Resources for Pensions | (2,082) |
| Total Adjustments | \$472,412 |
| Net Cash Provided by (Used by) Operating Activities | \$655,301 |

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, 2018

| | <u>Agency Fund</u> |
|--|--------------------|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$211,010 |
| Accounts Receivable | 53,314 |
| Total Assets | \$264,324 |
| <u>Liabilities and Net Position</u> | |
| <i>Liabilities:</i> | |
| Accounts Payable and Accrued Liabilities | \$264,324 |
| Total Liabilities | \$264,324 |
| <i>Net Position:</i> | |
| Assets Held in Trust | \$0 |

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 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 | Blended | The Corporation is governed by a four-member board made up of the County Manager, Finance Officer, one County Commissioner, and the secretary is the clerk to the Board. | 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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 six legally budgeted funds. The Property Revaluation Fund, the Community Development Block Grant Fund, the Fire District Fund, and the Stream Debris Removal Fund are reported as nonmajor special revenue funds. The Car Charging Station Capital Project Fund and the Restore Brock's Mill Pond Fund are reported as capital projects funds.

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

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

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, the Property Revaluation and Fire Tax District 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, the Stream Debris Removal Fund, the Restore Brock's Mill Pond Fund, the Car Charging Stations Fund, and the Enterprise Capital Project Fund. The Enterprise Capital Project Fund is consolidated with the enterprise operating funds for reporting purposes.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 authorized to transfer appropriations, not to exceed \$10,000 per transfer, among departments within the fund for which the funds were originally appropriated. 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 \$476,126 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. ASSETS, LIABILITIES, 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 \$78,812 and \$27,433 at June 30, 2018. 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 \$176,775 at June 30, 2018. 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 \$11,634,679 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, 2018 amounted to \$12,001,154.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Jones County Restricted Cash

| | |
|--|---------------------|
| <i>Governmental Activities:</i> | |
| General Fund - USDA Admin CD | \$78,812 |
| General Fund - Customer Deposits | 46,275 |
| Tax Revaluation Fund - Tax Revaluation | 83,455 |
| School Construction Fund | 11,634,679 |
| Total Governmental Activities | \$11,843,221 |
| <i>Business-Type Activities:</i> | |
| Utility Fund - Investments USDA Water CD | \$27,433 |
| Utility Fund - Customer Deposits | 130,500 |
| Total Business-Type Activities | \$157,933 |
| Total Restricted Cash | \$12,001,154 |

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, 2017.

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, 2018

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.

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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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.

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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018

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 \$7,251,430 consists of several elements as follows:

| <u>Description</u> | <u>Amount</u> |
|--|---------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$12,163,682 |
| Less Accumulated Depreciation | <u>(4,833,324)</u> |
| Net Capital Assets | \$7,330,358 |
| Net Pension Asset | 14,128 |
| Intangible Asset - Future Right to Receive Jones K-12 School | 14,695,529 |
| Contributions to the pension plan in the current fiscal year | 319,549 |
| Benefit payments and pension administration costs for LEOSA | 560 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements. | 101,263 |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide | 726,159 |
| Pension related deferrals | 445,049 |
| 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 | (14,804,917) |
| Compensated absences | (357,419) |
| Accrued interest payable | (15,494) |
| Net pension liability | (1,203,335) |
| Total Adjustment | <u>\$7,251,430</u> |

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 \$1,225,139 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 | \$589,808 |
| Cost of disposed capital assets not recorded in fund statements | (17,574) |
| 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 | (472,148) |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position | (11,956,564) |
| 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 | 355,044 |
| Expenses reported on the fund statements that are reported as an intangible asset on the government-wide statements | 12,709,868 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 319,549 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 560 |
| 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 | (10,460) |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | (1,680) |
| Pension expense | (377,936) |
| 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 - 7/01/17 | (399,337) |
| Recording of deferred inflows of resources - taxes receivable - at 6/30/18 | 451,472 |
| Increase (decrease) in accrued taxes receivable for year ended 6/30/18 | 8,840 |
| 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 | 25,697 |
| Total Adjustment | \$1,225,139 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

The Restore Brocks Mill Pond Capital Project Fund had a deficit fund balance of \$3,900 at June 30, 2018. The Plug-In Car Charging Stations Capital Project Fund had a deficit fund balance of \$12,576 at June 30, 2018. The grants required that the County spend the funds first, then request reimbursement. The County plans to requisition these grant funds in the fiscal year ending June 30, 2019.

The Water Supply Improvements Enterprise Capital Project Fund had a deficit fund balance of \$218,630 at June 30, 2018. The County plans to secure USDA funding in the fiscal year ending June 30, 2019 to cover the expenditures.

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, 2018, the County's deposits had a carrying amount of \$11,827,132 and a bank balance of \$12,608,372. Of the bank balance, \$395,612 was covered by federal depository insurance and \$12,212,760 in interest bearing accounts were covered by collateral held under the Pooling Method.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

At June 30, 2018, Jones County had \$1,500 cash on hand.

At June 30, 2018, the ABC Board's deposits had a carrying amount of \$43,664 and a bank balance of \$66,995. All of the bank balance was covered by federal depository insurance. At June 30, 2018, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2018, the County had the following investments and maturities.

| | Valuation Measurement Method | Fair Value | Less Than 6 Months | 6-12 Months |
|---|---|-----------------------|-------------------------------|--------------------|
| NC Capital Management Trust - Government Portfolio | Amortized Cost | \$3,388,194 | N/A | N/A |
| NC Capital Management Trust - Term Portfolio* | Fair Value-Level 1 | 5,794,189 | 5,794,189 | |
| Commercial Paper | Fair Value-Level 2 | 394,259 | 396,956 | |
| U.S. Government Bonds | Fair Value-Level 2 | 100,350 | 98,198 | |
| Total Investments | | \$9,676,992 | \$6,289,343 | \$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, 2018, 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 2: 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, 2018, 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, 2018. 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. The County's investment in US Agencies (US Government Bonds) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's formal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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> |
|--------------------|--------------------|------------------|--------------------|
| 2017 | \$1,107,323 | \$63,671 | \$1,170,994 |
| 2016 | 1,049,003 | 154,728 | 1,203,731 |
| 2015 | 1,040,986 | 247,234 | 1,288,220 |
| 2014 | 1,013,342 | 331,869 | 1,345,211 |
| Total | \$4,210,654 | \$797,502 | \$5,008,156 |

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

| | <u>Accounts</u> | <u>Taxes and Related Accrued Interest</u> | | <u>Due From Other Governments</u> | <u>Total</u> |
|---------------------------------------|------------------|---|------------------|-----------------------------------|--------------------|
| | | <u>Interest</u> | <u>Other</u> | | |
| Governmental Activities: | | | | | |
| General | \$240,302 | \$558,943 | \$942,297 | | \$1,741,542 |
| Fire District | | 9,031 | | | 9,031 |
| Total Receivables | \$240,302 | \$567,974 | \$942,297 | | \$1,750,573 |
| Allowance for Doubtful Accounts | (52,200) | (13,700) | | | (65,900) |
| Total Governmental Activities | \$188,102 | \$554,274 | \$942,297 | | \$1,684,673 |
| Business-type Activities: | | | | | |
| Water | \$277,903 | | | | \$277,903 |
| Total Receivables | \$277,903 | \$0 | \$0 | | \$277,903 |
| Allowance for Doubtful Accounts | (80,200) | | | | (80,200) |
| Total Business-type Activities | \$197,703 | \$0 | \$0 | | \$197,703 |

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

| | |
|--|------------------|
| Various Human Services Revenues | \$200,171 |
| Local option sales tax | 316,357 |
| Sales tax | 148,524 |
| RMV taxes | 80,042 |
| Solid Waste | 1,532 |
| Scrap Tire | 3,720 |
| NCDRCR - PARTF Grant | 3,900 |
| NC Department of Agriculture - Stream Debris Removal | 188,051 |
| Total Due From Other Governments | \$942,297 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 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. On September 17, 2015, the County filed a complaint against Beer Army, LLC. The collateral on the note was auctioned on February 3, 2016 and proceeds of \$63,000 were used to reduce the note balance. A settlement was reached on February 23, 2018. As part of the settlement, the note receivable was reduced by \$87,000. A payment of \$10,000 was made at the time of settlement.

The second 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. County of Jones is the lienholder and does not hold title to the truck.

During the fiscal year ending June 30, 2016, the County took back title of the DHI building to satisfy a previous note receivable dated February 5, 2007. In fiscal year ending June 30, 2017, Defense Holdings, Inc. filed Chapter 11 bankruptcy. As a result, the County was given a total cash dividend of \$60,000 payable at \$3,000 per quarter over the life of the bankruptcy plan.

The following summarizes the expected collection on these notes:

| Principal Amounts Due for the Year Ended June 30: | Beer Army LLC | Trenton Volunteer Fire Department | DHI | Total |
|--|--------------------------|--|-----------------|------------------|
| 2019 | \$50,000 | \$25,000 | \$12,000 | \$87,000 |
| 2020 | 90,000 | 25,000 | 12,000 | 127,000 |
| 2021 | | 25,000 | 12,000 | 37,000 |
| 2022 | | 25,000 | 6,000 | 31,000 |
| 2023 | | 25,000 | | 25,000 |
| 2024-2028 | | 50,000 | | 50,000 |
| | \$140,000 | \$175,000 | \$42,000 | \$357,000 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-------------------------------|------------------|------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$548,352 | \$89,168 | \$11,602 | \$625,918 |
| Construction In Progress | 52,895 | 72,926 | | 125,821 |
| Total Capital Assets Not Being Depreciated | \$601,247 | \$162,094 | \$11,602 | \$751,739 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | \$8,218,975 | \$9,215 | | \$8,228,190 |
| Infrastructure | 152,235 | | | 152,235 |
| Equipment | 2,673,995 | 418,499 | \$60,976 | 3,031,518 |
| Total Capital Assets Being Depreciated | \$11,045,205 | \$427,714 | \$60,976 | \$11,411,943 |
| <i>Less Accumulated Depreciation for:</i> | | | | |
| Buildings | \$2,707,911 | \$186,637 | | \$2,894,548 |
| Infrastructure | 42,739 | 3,045 | | 45,784 |
| Equipment | 1,665,530 | 282,466 | \$55,004 | 1,892,992 |
| Total Accumulated Depreciation | \$4,416,180 | \$472,148 | \$55,004 | \$4,833,324 |
| <i>Total Capital Assets Being Depreciated, Net</i> | \$6,629,025 | | | \$6,578,619 |
| Governmental Activity Capital Assets, Net | \$7,230,272 | | | \$7,330,358 |

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

| | |
|-----------------------------------|------------------|
| General Government | \$133,401 |
| Public Safety | 203,698 |
| Environmental Protection | 1,633 |
| Economic and Physical Development | 88,724 |
| Human Services | 19,397 |
| Cultural and Recreational | 25,295 |
| Total Depreciation Expense | \$472,148 |

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 | \$260,674 | | 268,630 |
| <i>Total Capital Assets Not Being Depreciated</i> | \$62,764 | \$260,674 | \$0 | \$323,438 |
| Capital Assets Being Depreciated: | | | | |
| Plant and Distribution Systems | \$12,877,174 | \$15,533 | | \$12,892,708 |
| Machinery and Equipment | 52,375 | | | 52,375 |
| Vehicles and Construction Equipment | 348,675 | 87,600 | \$19,311 | 416,965 |
| Total Assets Being Depreciated | \$13,278,224 | \$103,133 | \$19,311 | \$13,362,048 |
| Less Accumulated Depreciation for: | | | | |
| Plant and Distribution Systems | \$5,295,030 | \$421,315 | | \$5,716,345 |
| Machinery and Equipment | 52,375 | | | 52,375 |
| Vehicles and Construction Equipment | 268,335 | 37,563 | \$19,311 | 286,587 |
| Total Accumulated Depreciation | \$5,615,740 | \$458,878 | \$19,311 | \$6,055,307 |
| <i>Total Capital Assets Being Depreciated, Net</i> | \$7,662,484 | | | \$7,306,741 |
| Business-type Activity Capital Assets, Net | \$7,725,248 | | | \$7,630,178 |

Construction Commitments

The government has four active construction projects as of June 30, 2018. The projects include the School Construction Project, Car Charging Stations Project, Restore Brock's Mill Pond Project, and the Water Supply Improvements Project. At June 30, 2018, the government's commitments with contractors are as follows:

| Project | Spent-to-Date | Remaining Commitment |
|-----------------------------------|----------------------|---------------------------------|
| School Construction Project | \$14,695,529 | \$31,709,724 |
| Car Charging Stations Project | 12,576 | 7,424 |
| Restore Brock's Mill Pond Project | 56,795 | 43,205 |
| Water Supply Improvements Project | 268,630 | 7,922,370 |
| | \$15,033,530 | \$39,682,723 |

School Construction Project

Jones County has entered into an agreement with Jones County Board of Education for the construction of a new Jones K-12 School. Jones County Finance Corporation, a blended component unit of the County, was formed to facilitate the financing arrangement. The school will be constructed on a site that is owned by the County and leased to the developer, FirstFloor Jones, LLC during the construction period. During the period of construction, the County will record an intangible asset with a future right to receive the Jones K-12 School. Upon completion, FirstFloor Jones, LLC will lease the school to the Jones County Board of Education. At the end of the lease period, the developer will transfer ownership to Jones County. Jones County will hold title until all debt is paid in full, at which time title will be transferred to the Jones County Board of Education.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2018, 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 | \$87,439 | | | \$87,439 |
| Furniture/Equipment | 79,525 | \$3,338 | | 82,863 |
| Vehicles | 15,602 | 4,500 | \$15,602 | 4,500 |
| Total Capital Assets Being Depreciated | \$182,566 | \$7,838 | \$15,602 | \$174,802 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | \$78,841 | \$1,496 | | \$80,337 |
| Furniture/Equipment | 77,526 | 1,540 | | 79,066 |
| Vehicles | 15,602 | 75 | \$15,602 | 75 |
| Total Capital Accumulated Depreciation | \$171,969 | \$3,111 | \$15,602 | \$159,478 |
| <i>Total Capital Assets Being Depreciated, Net</i> | \$10,597 | | | \$15,324 |
| Business-type Activity Capital Assets, Net | \$25,670 | | | \$30,397 |

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Accrued Interest</u> | <u>Total</u> |
|---------------------------------------|------------------|----------------------------------|-----------------------------|--------------------|
| Governmental Activities: | | | | |
| General | \$946,257 | \$210,959 | \$15,494 | \$1,172,710 |
| Other Governmental | 14,974 | | | 14,974 |
| Total Governmental Activities | \$961,231 | \$210,959 | \$15,494 | \$1,187,684 |
| Business-type Activities: | | | | |
| Water Fund | \$56,784 | \$16,133 | | \$72,917 |
| Total Business-type Activities | \$56,784 | \$16,133 | \$0 | \$72,917 |

The amount of \$946,257 which comprises the General Fund Vendors payables includes \$253,144 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, 2018

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$341,618 for the year ended June 30, 2018.

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, 2018

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

At June 30, 2018, the County reported a liability of \$1,084,226 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .071%, which was an increase of .003% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$355,722. At June 30, 2018, 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 | \$62,461 | \$30,691 |
| Changes of assumptions | 154,842 | |
| Net difference between projected and actual earnings on pension plan investments | 263,252 | |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 6,474 | 21,158 |
| County contributions subsequent to the measurement date | 341,618 | |
| Total | \$828,647 | \$51,849 |

\$341,618 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|----------|
| 2019 | \$48,024 |
| 2020 | 307,512 |
| 2021 | 160,391 |
| 2022 | (80,747) |
| 2023 | |
| Thereafter | |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions. The total pension liability in the December 31, 2016 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 | 7.20 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, 2016 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, 2017 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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
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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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| | 1% Decrease (6.20%) | Discount Rate (7.20%) | 1% Increase (8.20%) |
|---|------------------------------------|--------------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$3,254,868 | \$1,084,226 | \$ (727,577) |

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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|---|
| Inflation | 2.50 percent |
| Salary increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount Rate | 3.16 percent |
| | 42 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

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, 2018, the County reported a total pension liability of \$190,378. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$28,034.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference between expected and actual experience | \$20,252 | |
| Changes of assumptions | 15,558 | \$3,721 |
| County benefit payments and plan administrative expense made subsequent to the measurement date | 560 | |
| Total | \$36,370 | \$3,721 |

The County paid \$0 in benefit payments and \$560 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|-------|
| 2019 | \$676 |
| 2020 | 676 |
| 2021 | 676 |
| 2022 | 676 |
| 2023 | 676 |
| Thereafter | 341 |

JONES COUNTY, NORTH CAROLINA
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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 3.16 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 (2.16 percent) or 1- percentage-point higher (4.16 percent) than the current rate:

| | 1% Decrease (2.16%) | Discount Rate (3.16%) | 1% Increase (4.16%) |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total Pension Liability | \$ 216,923 | \$ 190,378 | \$ 166,844 |

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

| | 2018 |
|---|-------------|
| Beginning Balance | \$126,418 |
| Service Cost | 17,292 |
| Interest on the total pension liability | 4,880 |
| Changes in benefit terms | |
| Differences between expected and actual experiences in the measurement of the total pension liability | 23,633 |
| Changes of Assumptions or other inputs | 18,155 |
| Benefit payments | |
| Other Changes | |
| Ending balance of the total pension liability | \$190,378 |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2016 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.

JONES COUNTY, NORTH CAROLINA
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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.

The County contributed \$60,649 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 \$696 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$14,128 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.08%, which was no change from its proportion measured as of June 30, 2016.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

For the year ended June 30, 2018, the County recognized pension expense of \$3,215. At June 30, 2018, 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 | \$243 | \$46 |
| Changes in assumptions | 2,384 | |
| Net difference between projected and actual earnings on pension plan investments | 1,201 | |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 2,412 | 127 |
| County contributions subsequent to the measurement date | 696 | |
| Total | \$6,936 | \$173 |

\$696 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: | |
|----------------------------|---------|
| 2019 | \$3,796 |
| 2020 | 1,827 |
| 2021 | 137 |
| 2022 | 307 |
| 2023 | |
| Thereafter | |

Actuarial Assumptions. The total pension liability in the December 31, 2016 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, 2016 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
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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, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 3.75%. 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) | \$ (11,104) | \$ (14,128) | \$ (16,671) |

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

| | LGERS | ROD | LEOSSA | Total |
|--|-------------|----------|-----------|-------------|
| Proportionate Share of Net Pension Liability (Asset) | \$1,084,226 | \$14,128 | | \$1,098,354 |
| Proportion of the Net Pension Liability (Asset) | 0.07097% | 0.08277% | | |
| Total Pension Liability | | | \$190,378 | \$190,378 |
| Pension Expense | \$355,722 | \$3,215 | \$28,034 | \$386,971 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|--------------|------------|---------------|--------------|
| <u>Deferred Outflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$62,461 | \$243 | \$20,252 | \$82,956 |
| Changes of assumptions | 154,842 | 2,384 | 15,558 | 172,784 |
| Net difference between projected and actual earnings on pension plan investments | 263,252 | 1,201 | | 264,453 |
| County contributions and proportionate share of contributions | 6,474 | 2,412 | | 8,886 |
| County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 341,618 | 696 | 560 | 342,874 |
| <u>Deferred Inflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$30,691 | \$46 | | \$30,737 |
| Changes of assumptions | | | \$3,721 | 3,721 |
| County contributions and proportionate share of contributions | 21,158 | 127 | | 21,285 |

f. **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, 2018 were \$7,440.

g. **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

3. Deferred Outflows and Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Pensions - difference between expected and actual experience | \$82,956 | \$30,737 |
| Pensions - difference between projected and actual investment earnings | 264,453 | |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions | 8,886 | 21,285 |
| Pensions - change in assumptions | 172,784 | 3,721 |
| Contributions to pension subsequent to measurement date (LGERS, ROD) | 342,314 | |
| Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA) | 560 | |
| Prepaid Property Taxes Not Yet Earned (General) | | 31,613 |
| Taxes Receivable, Net (General), less penalties | | 453,011 |
| Taxes Receivable, Net (Special Revenue), less penalties | | 9,031 |
| EMS Receivables, Net | | 67,807 |
| Other Receivables Not Available at Year End | | 190,404 |
| Total | \$871,953 | \$807,609 |

4. Risk Management

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

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

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

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

JONES COUNTY, NORTH CAROLINA
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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, 2018, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

6. Long-Term Obligations

a. **Notes Payable/Installment Obligations**

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the Industrial Park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2018 balance was \$1,248,088.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|--------------------|------------------|--------------------|
| 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 | 30,192 | 48,438 | 78,630 |
| 2024-2028 | 171,335 | 221,815 | 393,150 |
| 2029-2033 | 210,973 | 182,177 | 393,150 |
| 2034-2038 | 259,781 | 133,369 | 393,150 |
| 2039-2043 | 319,880 | 73,270 | 393,150 |
| 2044-2048 | 146,975 | 9,466 | 156,441 |
| | \$1,248,088 | \$874,103 | \$2,122,191 |

2. 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, 2018 balance was \$115,385.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|------------------|------------|------------------|
| 2019 | \$115,385 | | \$115,385 |
| | \$115,385 | \$0 | \$115,385 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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3. 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, 2018 balance was \$445,460.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|------------------|------------------|------------------|
| 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 | 8,833 | 18,117 | 26,950 |
| 2024-2028 | 50,310 | 84,440 | 134,750 |
| 2029-2033 | 62,321 | 72,429 | 134,750 |
| 2034-2038 | 77,200 | 57,550 | 134,750 |
| 2039-2043 | 95,632 | 39,118 | 134,750 |
| 2044-2048 | 118,483 | 16,287 | 134,770 |
| 2049-2053 | 900 | 59 | 959 |
| | \$445,460 | \$364,019 | \$809,479 |

4. 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, 2018 balance was \$1,404,466.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|--------------------|------------|--------------------|
| 2019 | \$140,447 | | \$140,447 |
| 2020 | 140,447 | | 140,447 |
| 2021 | 140,447 | | 140,447 |
| 2022 | 140,447 | | 140,447 |
| 2023 | 140,447 | | 140,447 |
| 2024-2028 | 702,231 | | 702,231 |
| | \$1,404,466 | \$0 | \$1,404,466 |

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

5. 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, 2018 balance was \$175,000.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|------------------|------------|------------------|
| 2019 | \$25,000 | | \$25,000 |
| 2020 | 25,000 | | 25,000 |
| 2021 | 25,000 | | 25,000 |
| 2022 | 25,000 | | 25,000 |
| 2023 | 25,000 | | 25,000 |
| 2024-2028 | 50,000 | | 50,000 |
| | \$175,000 | \$0 | \$175,000 |

6. 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, 2018 balance was \$1,173,333.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|--------------------|------------|--------------------|
| 2019 | \$146,667 | | \$146,667 |
| 2020 | 146,667 | | 146,667 |
| 2021 | 146,667 | | 146,667 |
| 2022 | 146,667 | | 146,667 |
| 2023 | 146,667 | | 146,667 |
| 2024-2028 | 439,998 | | 439,998 |
| | \$1,173,333 | \$0 | \$1,173,333 |

7. 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, 2018 balance was \$160,000.

| During the Year Ending June 30, | Principal | Interest | Total |
|---------------------------------------|------------------|----------------|------------------|
| 2019 | \$20,000 | \$2,160 | \$22,160 |
| 2020 | 20,000 | 1,890 | 21,890 |
| 2021 | 20,000 | 1,620 | 21,620 |
| 2022 | 20,000 | 1,350 | 21,350 |
| 2023 | 20,000 | 1,080 | 21,080 |
| 2024-2028 | 60,000 | 1,620 | 61,620 |
| | \$160,000 | \$9,720 | \$169,720 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. On February 15, 2018, the County entered into a financing agreement with Branch Banking & Trust (BB&T) in the amount of \$96,000 for the purchase of an ambulance. The agreement calls for three annual payments in the amount of \$34,102 beginning on February 15, 2019 and ending on February 15, 2021. The agreement carries an interest rate of 3.25% and the June 30, 2018 balance was \$96,000.

| During the Year Ending June 30, | Principal | Interest | Total |
|--|------------------|-----------------|------------------|
| 2019 | \$30,982 | \$3,120 | \$34,102 |
| 2020 | 31,989 | 2,113 | 34,102 |
| 2021 | 33,029 | 1,074 | 34,103 |
| | \$96,000 | \$6,307 | \$102,307 |

9. On December 21, 2017 the County entered into an installment financing contract to borrow \$8,998,000 from Branch Banking and Trust (BB&T) in the form of a qualified zone academy bond (QZAB) for the purpose of constructing a K-12 Collocated School in Jones County. The obligation calls for fourteen annual payments of \$653,000 beginning on December 1, 2019 and ending on December 1, 2032. The obligation carries an interest rate of 0% and the June 30, 2018 balance was \$8,998,000.

| During the Year Ending June 30, | Principal | Interest | Total |
|--|--------------------|-----------------|--------------------|
| 2019 | \$0 | | \$0 |
| 2020 | 653,000 | | 653,000 |
| 2021 | 652,000 | | 652,000 |
| 2022 | 653,000 | | 653,000 |
| 2023 | 653,000 | | 653,000 |
| 2024-2028 | 3,260,000 | | 3,260,000 |
| 2029-2033 | 3,127,000 | | 3,127,000 |
| | \$8,998,000 | \$0 | \$8,998,000 |

10. On December 21, 2017 the County entered into an installment financing contract to borrow \$2,742,712 from Branch Banking and Trust (BB&T) in the form of a taxable loan (Taxable) for the purpose of constructing a K-12 Collocated School in Jones County. The obligation calls for interest only payments due semi-annually beginning December 1, 2018 and ending on June 1, 2032. Interest only payments continue to be due annually beginning June 1, 2033 through June 1, 2036. Variable principal payments are due annually beginning on December 1, 2032 and ending on December 1, 2036. The obligation carries an interest rate of 4.55% and the June 30, 2018 balance was \$2,742,712.

| During the Year Ending June 30, | Principal | Interest | Total |
|--|--------------------|--------------------|--------------------|
| 2019 | | \$180,257 | \$180,257 |
| 2020 | | 124,793 | 124,793 |
| 2021 | | 124,793 | 124,793 |
| 2022 | | 124,793 | 124,793 |
| 2023 | | 124,793 | 124,793 |
| 2024-2028 | | 623,967 | 623,967 |
| 2029-2033 | \$133,664 | 620,927 | 754,591 |
| 2034-2038 | 2,609,048 | 237,424 | 2,846,472 |
| | \$2,742,712 | \$2,161,747 | \$4,904,459 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

b. **Capital Leases**

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

The first agreement was executed on July 1, 2017 for the lease of tasers for the jail and requires one annual payment of \$2,667 in the first year and four annual payments of \$2,640 in the remaining years. The second agreement was executed on September 11, 2017 for the lease of emergency services equipment and requires one annual payment of \$21,000 in the first year and four annual payments of \$22,043 in the remaining years. Under the terms of both agreements, title passes to the County at the end of the lease term.

At June 30, 2018, the County leased equipment valued at:

| <u>Classes of Property</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------------------------|-------------|---------------------------------|-----------------------|
| Equipment | \$106,625 | \$8,885 | \$0 |

For Jones County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

| <u>Year Ending June 30</u> | |
|---|-----------------|
| 2019 | \$24,683 |
| 2020 | 24,683 |
| 2021 | 24,683 |
| 2022 | 24,683 |
| Total Minimum Lease Payments | \$98,732 |
| Less: Amount Representing Interest | 2,333 |
| Present Value of the Minimum Lease Payments | \$96,399 |

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$1,440,487 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$10,926,249.

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JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018:

| | Beginning Balances | Increases | Decreases | Ending Balances | Current Portion of Balance |
|--|-------------------------------|---------------------|------------------|----------------------------|---|
| Governmental Activities: | | | | | |
| USDA Loan | \$1,272,630 | | \$24,542 | \$1,248,088 | \$25,562 |
| NC Eastern Region | 230,768 | | 115,383 | 115,385 | 115,385 |
| Qualified School Construction Bonds | 1,499,999 | | 166,666 | 1,333,333 | 166,667 |
| Jones-Onslow EMC Loan | 200,000 | | 25,000 | 175,000 | 25,000 |
| BB&T Ambulance | | \$96,000 | | 96,000 | 30,982 |
| BB&T K-12 School (QZAB) | | 8,998,000 | | 8,998,000 | |
| BB&T K-12 School (Taxable) | | 2,742,712 | | 2,742,712 | |
| Capitalized Leases | | 119,852 | 23,453 | 96,399 | 23,670 |
| Compensated Absences | 346,959 | 203,927 | 193,467 | 357,419 | |
| Net Pension Liability (LGRERS) | 1,355,136 | | 342,179 | 1,012,957 | |
| Total Pension Liability (LEOSSA) | 126,418 | 63,960 | | 190,378 | |
| Total Governmental Activities | \$5,031,910 | \$12,224,451 | \$890,690 | \$16,365,671 | \$387,266 |
| Business-type Activity: | | | | | |
| USDA Loan | \$452,608 | | \$7,148 | \$445,460 | \$7,442 |
| NC Drinking Water State Revolving Loan | 1,544,913 | | 140,447 | 1,404,466 | 140,447 |
| Compensated Absences | 50,789 | \$21,869 | 16,568 | 56,090 | |
| Net Pension Liability (LGRERS) | 95,056 | | 23,787 | 71,269 | |
| Total | \$2,143,366 | \$21,869 | \$187,950 | \$1,977,285 | \$147,889 |

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the general fund. 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, 2018 are as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------------|---|------------------|
| General Fund | <i>Special Revenue Fund:</i> Stream Debris Removal | \$188,951 |
| | | \$188,951 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Transfers to/from other funds for the year ended June 30, 2018 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 | | \$39,448 |
| Enterprise Fund | \$135,000 | |
| Special Revenue Fund: | | |
| General Fund | 39,448 | |
| Enterprise Fund: | | |
| General Fund | | 135,000 |
| Total Operating Transfers | \$174,448 | \$174,448 |

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-county funds, 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 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 | \$6,919,520 |
| Less: | |
| Inventories | 912 |
| Stabilization by State Statute | 1,216,610 |
| Register of Deeds | 4,814 |
| Health Department | 67,209 |
| White Goods | 28,089 |
| Schools | 726,399 |
| Economic Development | 333,498 |
| Long-Term Screening | 87,808 |
| Soil Conservation | 10,110 |
| USDA Loan Payments | 78,812 |
| Subsequent Year's Expenditures | 715,241 |
| Working Capital/Fund Balance Policy | 3,650,018 |
| 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, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$93,720 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, 2018

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, 2018. 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 \$24,237 for the operation of the organization during the fiscal year ended June 30, 2018. 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, 2018. 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 | \$11,747,095 | \$6,241,490 |
| Temporary Assistance For Needy Families | 37,340 | |
| WIC | 88,391 | |
| Supplemental Assistance | | 60,741 |
| Energy Assistance | 66,800 | |
| Foster Care | 9,671 | |
| Adoption Assistance | 33,289 | 18,136 |
| NC Health Choice | 260,832 | 132 |
| State Child Welfare/CPS | | 8,842 |
| Total | \$12,243,418 | \$6,329,341 |

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

The County entered into an Interlocal Funding Agreement with Jones County Board of Education (BOE) on November 20, 2017 which states that the County will pass through to the BOE the full amount of any forestry receipts received. Additionally, the County will provide funding to the BOE for Current Expense, Capital Outlay, and an Operating Lease for the construction of the new K-12 school over the next seven years as follows:

| Budget Year | Current Expense | Capital Outlay | Operating Lease |
|------------------------|----------------------------|---------------------------|----------------------------|
| Amount | Amount | Amount | Amount |
| 2018 - 2019 | \$1,874,715 | \$70,000 | |
| 2019 - 2020 | 1,567,979 | 75,000 | \$890,000 |
| 2020 - 2021 | 1,587,579 | 75,938 | 890,000 |
| 2021 - 2022 | 1,607,423 | 76,887 | 890,000 |
| 2022 - 2023 | 1,627,516 | 77,848 | 890,000 |
| 2023 - 2024 | 1,647,860 | 78,821 | 890,000 |
| 2024 - 2025 | 1,668,458 | 79,806 | 890,000 |
| | <u>\$11,581,530</u> | <u>\$534,300</u> | <u>\$5,340,000</u> |

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 2016. 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.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

ECONOMIC DEVELOPMENT NOTES RECEIVABLE

Beer Army

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 called 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 was to make fifty-two equal payments of principal and interest in the amount of \$6,051 with one final payment of outstanding principal and interest due on February 1, 2019. Beer Army, LLC failed to make the required payments and defaulted on the note. On September 17, 2015, the County filed a complaint against Beer Army, LLC. In 2016, the collateral was auctioned. Proceeds of \$63,000 were applied to the note and reduced the balance to \$237,000. The County reached a settlement with Beer Army, LLC on February 23, 2018. As a result of the settlement, the note was reduced by \$87,000 and a payment of \$10,000 was received, with the remaining balance to be paid annually over the next three years. The balance at June 30, 2018 was \$140,000.

Defense Holdings, Inc.

During the fiscal year ending June 30, 2016, the County took back title of the building to satisfy a previous note receivable dated February 5, 2007. In fiscal year ending June 30, 2017, Defense Holdings, Inc. filed Chapter 11 bankruptcy. As a result, the County was given a total cash dividend of \$60,000 payable at \$3,000 per quarter over the life of the bankruptcy plan. The balance at June 30, 2018 was \$42,000.

IX. CAPITAL ASSETS – 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 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.

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 Five Fiscal Years*

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) % | 0.070% | 0.068% | 0.063% | 0.068% | 0.068% |
| County's proportionate share of the net pension liability (asset) \$ | \$1,084,226 | \$1,450,192 | \$282,740 | (\$400,791) | \$814,840 |
| County's covered-employee payroll | \$4,133,513 | \$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 | 26.23% | 38.16% | 8.16% | (10.92%) | 22.29% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.18% | 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 Five Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$341,618 | \$318,418 | \$256,587 | \$247,059 | \$260,858 |
| Contributions in relation to the contractually required contribution | 341,618 | 318,418 | 256,587 | 247,059 | 260,858 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 | \$0 |
| County's covered-employee payroll | \$4,269,106 | \$4,133,513 | \$3,800,468 | \$3,466,578 | \$3,671,842 |
| Contributions as a percentage of covered-employee payroll | 8.00% | 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 Five Fiscal Years*

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) % | 0.083% | 0.083% | 0.107% | (0.098%) | (0.088%) |
| County's proportionate share of the net pension liability (asset) \$ | (\$14,128) | (\$15,607) | (\$24,798) | (\$22,233) | (\$18,793) |
| County's covered-employee payroll | \$44,608 | \$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 | (31.67%) | (35.86%) | (58.69%) | (52.62%) | (44.48%) |
| Plan fiduciary net position as a percentage of the total pension liability | 153.77% | 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 Five Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$696 | \$719 | \$682 | \$856 | \$801 |
| Contributions in relation to the contractually required contribution | 696 | 719 | 682 | 856 | 801 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 | \$0 |
| County's covered-employee payroll | \$46,637 | \$44,608 | \$43,520 | \$42,252 | \$42,252 |
| Contributions as a percentage of covered-employee payroll | 1.49% | 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, 2018

| | 2018 | 2017 |
|--|------------------|------------------|
| Beginning balance | \$126,418 | \$112,673 |
| Service Cost | 17,292 | 14,796 |
| Interest on the total pension liability | 4,880 | 4,022 |
| Changes of benefit terms | | |
| Differences between expected and actual experience in the measurement of the total pension liability | 23,633 | |
| Changes of assumptions or other inputs | 18,155 | (5,073) |
| Benefit payments | | |
| Other Changes | | |
| Ending balance of the total pension liability | \$190,378 | \$126,418 |

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, 2018

| | 2018 | 2017 |
|--|-------------|-------------|
| Total pension liability | \$190,378 | \$126,418 |
| Covered payroll | 760,421 | 644,194 |
| Total pension liability as a percentage of covered payroll | 25.04% | 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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--|
| REVENUES: | | | |
| Ad Valorem Taxes: | | | |
| Taxes | \$6,953,815 | \$7,211,404 | \$257,589 |
| Penalties and Interest | 45,900 | 52,170 | 6,270 |
| Total Ad Valorem Taxes | \$6,999,715 | \$7,263,574 | \$263,859 |
| Local Option Sales Taxes: | | | |
| Articles 39, 40, 42 and 44 | \$1,758,714 | \$1,894,024 | \$135,310 |
| Other Taxes and Licenses: | | | |
| Medicaid Hold Harmless Tax | \$100,000 | | (\$100,000) |
| Real Estate Transfer Tax | 34,393 | \$45,347 | 10,954 |
| Scrap Tire Disposal Tax | 13,000 | 13,819 | 819 |
| Solid Waste Disposal Tax | 7,200 | 7,369 | 169 |
| Total Other Taxes and Licenses | \$154,593 | \$66,535 | (\$88,058) |
| Unrestricted Intergovernmental Revenue: | | | |
| Payments in Lieu of Taxes | \$92,000 | \$105,511 | \$13,511 |
| Beer & Wine Tax | 38,000 | 37,453 | (547) |
| Total Unrestricted Intergovernmental Revenue | \$130,000 | \$142,964 | \$12,964 |
| Restricted Intergovernmental Revenue: | | | |
| State and Federal Grants | \$3,431,669 | \$2,576,236 | (\$855,433) |
| Health Medicaid Cost Study | | 55,194 | 55,194 |
| Court Facilities Fees | 30,000 | 45,993 | 15,993 |
| ABC - 5 cent Bottle Tax | 3,500 | 3,549 | 49 |
| ABC - 1 cent Bottle Tax | 550 | 382 | (168) |
| Juvenile Justice and Delinquency | 86,595 | 86,595 | |
| Veterans Commission | 1,452 | 2,175 | 723 |
| National Forest Receipts/Schools | 24,917 | 24,973 | 56 |
| Lottery Funds | 169,667 | 169,097 | (570) |
| Emergency Management | 38,642 | 38,642 | |
| Soil Conservation | 25,206 | 31,545 | 6,339 |
| Total Restricted Intergovernmental Revenue | \$3,812,198 | \$3,034,381 | (\$777,817) |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|-------------------------------------|---------------------|------------------------|---|
| Permits and Fees: | | | |
| Beer & Wine | | \$350 | \$350 |
| Concealed/Handgun Permits | \$18,300 | 19,260 | 960 |
| Building and Other Permits and Fees | 105,750 | 107,130 | 1,380 |
| Register of Deeds | 35,000 | 40,428 | 5,428 |
| Marriage Licenses | 1,000 | 825 | (175) |
| Franchise - Cable TV | 4,000 | 5,322 | 1,322 |
| Total Permits & Fees | \$164,050 | \$173,315 | \$9,265 |
| Sales and Services: | | | |
| Jail and Officer Fees | \$30,945 | \$32,205 | \$1,260 |
| EMS Fees | 480,000 | 484,094 | 4,094 |
| Town Tax Billings & Collection | 15,450 | 13,762 | (1,688) |
| Vending Machines | 100 | 101 | 1 |
| Solid Waste/Recycling | 18,000 | 30,303 | 12,303 |
| Curbside Service | 450,300 | 460,478 | 10,178 |
| Rents | 124,480 | 91,183 | (33,297) |
| Total Sales & Services | \$1,119,275 | \$1,112,126 | (\$7,149) |
| Total Investment Earnings | \$30,539 | \$127,520 | \$96,981 |
| Other Revenues: | | | |
| GIS Funds - Lenoir County | \$16,825 | \$19,328 | \$2,503 |
| Insurance Proceeds | 6,184 | 12,595 | 6,411 |
| DHI - Class 16 Plan | 12,000 | 12,000 | |
| Other | 88,262 | 71,500 | (16,762) |
| Total Other Revenues | \$123,271 | \$115,423 | (\$7,848) |
| TOTAL REVENUES | \$14,292,355 | \$13,929,862 | (\$362,493) |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|-------------------------------|------------------|------------------|--|
| EXPENDITURES: | | | |
| General Government: | | | |
| Governing Body: | | | |
| Salaries & Employee Benefits | \$65,834 | \$65,562 | \$272 |
| Operating Expenses | 47,940 | 40,067 | 7,873 |
| Insurance Other Than Property | 280,965 | 238,036 | 42,929 |
| Total | \$394,739 | \$343,665 | \$51,074 |
| Elections: | | | |
| Salaries & Employee Benefits | \$95,782 | \$92,239 | \$3,543 |
| Operating Expenses | 46,331 | 39,644 | 6,687 |
| Total | \$142,113 | \$131,883 | \$10,230 |
| Finance: | | | |
| Salaries & Employee Benefits | \$255,083 | \$252,188 | \$2,895 |
| Operating Expenses | 63,650 | 49,021 | 14,629 |
| Total | \$318,733 | \$301,209 | \$17,524 |
| Taxes: | | | |
| Salaries & Employee Benefits | \$267,188 | \$252,269 | \$14,919 |
| Operating Expenses | 157,315 | 148,687 | 8,628 |
| Total | \$424,503 | \$400,956 | \$23,547 |
| Legal: | | | |
| Contracted Services | \$131,741 | \$111,384 | \$20,357 |
| Jury Commission: | | | |
| Salaries & Employee Benefits | \$646 | \$484 | \$162 |
| Operating Expenses | 1,700 | \$1,533 | 167 |
| Total | \$2,346 | \$2,017 | \$329 |
| Register of Deeds: | | | |
| Salaries & Employee Benefits | \$99,862 | \$99,500 | \$362 |
| Operating Expenses | 100,941 | 97,569 | \$3,372 |
| Total | \$200,803 | \$197,069 | \$3,734 |
| Public Buildings: | | | |
| Salaries & Employee Benefits | \$119,153 | \$113,140 | \$6,013 |
| Operating Expenses | 327,232 | 309,960 | 17,272 |
| Capital | 137,733 | 154,833 | (17,100) |
| Total | \$584,118 | \$577,933 | \$6,185 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---------------------------------|--------------------|--------------------|--|
| Court Facilities: | | | |
| Salaries & Employee Benefits | \$42,644 | \$41,150 | \$1,494 |
| Operating Expenses | 18,545 | 8,882 | 9,663 |
| Total | \$61,189 | \$50,032 | \$11,157 |
| Administration: | | | |
| Salaries & Employee Benefits | \$181,288 | \$178,778 | \$2,510 |
| Operating Expenses | 25,240 | 19,524 | 5,716 |
| Capital | 22,670 | 22,666 | 4 |
| Total | \$229,198 | \$220,968 | \$8,230 |
| Computer: | | | |
| Operating Expenses | \$135,278 | \$72,569 | \$62,709 |
| TOTAL GENERAL GOVERNMENT | \$2,624,761 | \$2,409,685 | \$215,076 |
| Public Safety: | | | |
| Sheriff's Department: | | | |
| Salaries & Employee Benefits | \$1,070,836 | \$1,045,028 | \$25,808 |
| Operating Expenses | 321,078 | 277,797 | 43,281 |
| Capital | 152,728 | 151,523 | 1,205 |
| Total | \$1,544,642 | \$1,474,348 | \$70,294 |
| County Jail: | | | |
| Salaries & Employee Benefits | \$470,850 | \$457,524 | \$13,326 |
| Operating Expenses | 412,048 | 380,646 | 31,402 |
| Total | \$882,898 | \$838,170 | \$44,728 |
| Inspections: | | | |
| Salaries & Employee Benefits | \$66,432 | \$64,969 | \$1,463 |
| Operating Expenses | 24,025 | 18,549 | 5,476 |
| Total | \$90,457 | \$83,518 | \$6,939 |
| Emergency Management: | | | |
| Salaries & Employee Benefits | \$56,090 | \$55,187 | \$903 |
| Operating Expenses | 25,152 | 19,000 | 6,152 |
| Total | \$81,242 | \$74,187 | \$7,055 |
| Emergency Services: | | | |
| Salaries & Employee Benefits | \$520,254 | \$489,407 | \$30,847 |
| Operating Expenses | 371,937 | 316,214 | 55,723 |
| Aid to Local Fire Department | 56,300 | 56,295 | 5 |
| Aid to Local Rescue Squads | 43,500 | 43,410 | 90 |
| Capital | 207,625 | 206,690 | 935 |
| Total | \$1,199,616 | \$1,112,016 | \$87,600 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--|
| Communication System: | | | |
| Operating Expenses | \$275,598 | \$275,421 | \$177 |
| Total | \$275,598 | \$275,421 | \$177 |
| Medical Examiner: | | | |
| Professional Services | \$20,250 | \$13,250 | \$7,000 |
| TOTAL PUBLIC SAFETY | \$4,094,703 | \$3,870,910 | \$223,793 |
| Environmental Protection: | | | |
| Sanitation: | | | |
| Salaries & Employee Benefits | \$50,748 | \$42,805 | \$7,943 |
| Operating Expenses | 358,006 | 348,183 | 9,823 |
| Contracted Services | 71,120 | 59,654 | 11,466 |
| Total | \$479,874 | \$450,642 | \$29,232 |
| State Forest Protection | \$79,130 | \$69,583 | \$9,547 |
| Soil Conservation: | | | |
| Salaries & Employee Benefits | \$105,923 | \$104,114 | \$1,809 |
| Operating Expenses | 6,581 | 3,901 | 2,680 |
| Total | \$112,504 | \$108,015 | \$4,489 |
| TOTAL ENVIRONMENTAL PROTECTION | \$671,508 | \$628,240 | \$43,268 |
| Economic & Physical Development: | | | |
| Agricultural Extension: | | | |
| Salaries & Employee Benefits | \$129,059 | \$126,104 | \$2,955 |
| Operating Expenses | 39,294 | 24,383 | 14,911 |
| Total | \$168,353 | \$150,487 | \$17,866 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| Economic Development: | | | |
| Salaries & Employee Benefits | \$17,723 | | \$17,723 |
| Operating Expenses | 91,449 | \$70,520 | 20,929 |
| Total | \$109,172 | \$70,520 | \$38,652 |
| Commissions, Committees & Councils Planning: | | | |
| Operating Expenses | \$8,692 | \$6,829 | \$1,863 |
| TOTAL ECONOMIC & PHYSICAL DEVELOPMENT | \$286,217 | \$227,836 | \$58,381 |
| HUMAN SERVICES: | | | |
| Health: | | | |
| Administration: | | | |
| Salaries & Employee Benefits | \$293,645 | \$286,552 | \$7,093 |
| Operating Expenses | 128,407 | 118,990 | 9,417 |
| Total | \$422,052 | \$405,542 | \$16,510 |
| Tuberculosis: | | | |
| Salaries and Employee Benefits | \$2,810 | \$2,792 | \$18 |
| Operating Expenses | 597 | 407 | 190 |
| Total | \$3,407 | \$3,199 | \$208 |
| Bioterrorism: | | | |
| Salaries & Employee Benefits | \$1,201 | \$1,189 | \$12 |
| Operating Expenses | 31,894 | 31,391 | 503 |
| Total | \$33,095 | \$32,580 | \$515 |
| Communicable Disease: | | | |
| Salaries & Employee Benefits | \$8,815 | \$8,765 | \$50 |
| Operating Expenses | 1,046 | 963 | 83 |
| Total | \$9,861 | \$9,728 | \$133 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|-----------------|-----------------|--|
| Family Planning: | | | |
| Salaries & Employee Benefits | \$41,585 | \$41,227 | \$358 |
| Operating Expenses | 14,185 | 12,604 | 1,581 |
| Total | \$55,770 | \$53,831 | \$1,939 |
| Maternity Care: | | | |
| Salaries & Employee Benefits | \$20,574 | \$20,450 | \$124 |
| Environmental Health: | | | |
| Salaries & Employee Benefits | \$2,478 | \$1,367 | \$1,111 |
| Operating Expenses | 21,936 | 20,285 | 1,651 |
| Total | \$24,414 | \$21,652 | \$2,762 |
| Food/Lodging: | | | |
| Salaries & Employee Benefits | \$12,441 | \$12,285 | \$156 |
| Operating Expenses | 12,300 | 12,300 | |
| Total | \$24,741 | \$24,585 | \$156 |
| Cancer Prevention: | | | |
| Salaries & Employee Benefits | \$3,738 | \$3,685 | \$53 |
| Operating Expenses | 2,637 | 2,299 | 338 |
| Total | \$6,375 | \$5,984 | \$391 |
| Immunization Action Plan: | | | |
| Salaries & Employee Benefits | \$5,483 | \$5,450 | \$33 |
| Operating Expenses | 9,262 | 9,128 | 134 |
| Total | \$14,745 | \$14,578 | \$167 |
| Maternal & Child Health: | | | |
| Salaries & Employee Benefits | \$21,221 | \$20,423 | \$798 |
| Operating Expenses | 9,325 | 8,619 | 706 |
| Total | \$30,546 | \$29,042 | \$1,504 |
| Women, Infants & Children | | | |
| Supplement Food: | | | |
| Salaries & Employee Benefits | \$37,329 | \$36,857 | \$472 |
| Operating Expenses | 9,371 | 8,389 | 982 |
| Total | \$46,700 | \$45,246 | \$1,454 |
| 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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|-----------------|-----------------|--|
| Health Promotions: | | | |
| Salaries & Employee Benefits | \$35,420 | \$35,192 | \$228 |
| Operating Expenses | 8,609 | 3,009 | 5,600 |
| Total | \$44,029 | \$38,201 | \$5,828 |
| Child Services - Coordinator: | | | |
| Salaries & Employee Benefits | \$16,909 | \$16,888 | \$21 |
| Operating Expenses | 3,996 | 926 | 3,070 |
| Total | \$20,905 | \$17,814 | \$3,091 |
| Cap Program: | | | |
| Salaries & Employee Benefits | \$64,208 | \$62,066 | \$2,142 |
| Operating Expenses | 16,060 | 12,061 | 3,999 |
| Total | \$80,268 | \$74,127 | \$6,141 |
| Breast Feeding: | | | |
| Salaries & Employee Benefits | \$7,565 | \$6,817 | \$748 |
| Operating Expenses | 435 | 321 | 114 |
| Total | \$8,000 | \$7,138 | \$862 |
| NC Wisewoman | | | |
| Salaries & Employee Benefits | \$4,699 | \$4,625 | \$74 |
| Operating Expenses | 1,372 | 699 | 673 |
| Total | \$6,071 | \$5,324 | \$747 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------|--------------------|--|
| Maternity Care: | | | |
| Operating Expenses | \$6,042 | \$325 | \$5,717 |
| HIV/STD Grant: | | | |
| Salaries & Employee Benefits | \$3,327 | \$3,296 | \$31 |
| Operating Expenses | 2,065 | 877 | 1,188 |
| Total | \$5,392 | \$4,173 | \$1,219 |
| Diabetes: | | | |
| Salaries & Employee Benefits | \$11,090 | \$10,991 | \$99 |
| Operating Expenses | 1,826 | 1,326 | 500 |
| Total | \$12,916 | \$12,317 | \$599 |
| Total Health | \$950,903 | \$900,836 | \$50,067 |
| Mental Health: | | | |
| Administration: | | | |
| Regional Allocation | \$20,306 | \$20,306 | |
| Bottle Tax | 4,050 | 3,931 | \$119 |
| Total Mental Health | \$24,356 | \$24,237 | \$119 |
| Social Services: | | | |
| Administration: | | | |
| Salaries & Employee Benefits | \$1,535,304 | \$1,399,136 | \$136,168 |
| Operating Expenses | 214,616 | 127,695 | 86,921 |
| Capital | 32,580 | 32,545 | 35 |
| Total | \$1,782,500 | \$1,559,376 | \$223,124 |
| AFDC Program: | | | |
| Extra Items | \$8,000 | \$3,208 | \$4,792 |
| Foster Care | 82,930 | 51,089 | 31,841 |
| Total | \$90,930 | \$54,297 | \$36,633 |

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, 2018

| | <u>Budget</u> | <u>2018 Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------------|--------------------|------------------------|---|
| Foster Care | \$36,062 | \$9,169 | \$26,893 |
| General Assistance | \$5,000 | \$3,212 | \$1,788 |
| Aid to Blind | \$3,500 | \$783 | \$2,717 |
| Day Care - County Participation | \$300,000 | \$46,580 | \$253,420 |
| Food Stamp - EBT | \$5,651 | \$2,891 | \$2,760 |
| Child Support Officer | \$107,600 | \$99,192 | \$8,408 |
| Work First Jobs Program | \$60,831 | \$9,667 | \$51,164 |
| Supplemental Assistance | \$74,500 | \$66,613 | \$7,887 |
| Medicaid Transportation | \$215,000 | \$41,169 | \$173,831 |
| Crisis Intervention | \$51,467 | \$49,904 | \$1,563 |
| Emergency Assistance | \$66,834 | \$66,800 | \$34 |
| Adoption Assistance | \$17,071 | \$7,790 | \$9,281 |
| Energy Assistance - Progress Energy | \$16,483 | \$3,212 | \$13,271 |
| HCCBG | \$146,728 | \$119,724 | \$27,004 |
| <i>Total Social Services</i> | \$2,980,157 | \$2,140,379 | \$839,778 |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|----------------------------------|
| Veterans Service Officer: | | | |
| Salaries & Employee Benefits | \$21,211 | \$19,986 | \$1,225 |
| Operating Expenses | 1,500 | 900 | 600 |
| Total Veterans Service Officer | \$22,711 | \$20,886 | \$1,825 |
| Rural Transportation | \$108,101 | \$73,832 | \$34,269 |
| Tri-County Senior Citizens: | | | |
| Salaries & Employee Benefits | \$49,554 | \$43,183 | \$6,371 |
| Title V | 24,481 | 18,104 | 6,377 |
| SR Services Outreach | 3,024 | 2,836 | 188 |
| Total Tri-County Senior Citizens | \$77,059 | \$64,123 | \$12,936 |
| TOTAL HUMAN SERVICES | \$4,163,287 | \$3,224,293 | \$938,994 |
| Cultural and Recreational: | | | |
| Recreational: | | | |
| Salaries & Employee Benefits | \$57,850 | \$53,692 | \$4,158 |
| Operating Expenses | 21,625 | 18,802 | 2,823 |
| Total | \$79,475 | \$72,494 | \$6,981 |
| Civic Center: | | | |
| Salaries & Employee Benefits | \$25,154 | \$21,636 | \$3,518 |
| Operating Expenses | 79,949 | 68,425 | 11,524 |
| | \$105,103 | \$90,061 | \$15,042 |
| Interagency Council: | | | |
| Operating Expenses | \$86,595 | \$86,595 | \$0 |
| Arts Council Appropriation | \$1,775 | \$1,775 | \$0 |
| Libraries Appropriation | \$93,720 | \$93,720 | \$0 |
| TOTAL CULTURAL AND RECREATIONAL | \$366,668 | \$344,645 | \$22,023 |
| Miscellaneous - County: | | | |
| Operating Expenses | \$130,799 | \$93,346 | \$37,453 |
| TOTAL MISCELLANEOUS - COUNTY | \$130,799 | \$93,346 | \$37,453 |

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, 2018

| | <u>Budget</u> | <u>2018 Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------|------------------------|---|
| Education: | | | |
| Public Schools: | | | |
| Current Expense | \$1,838,512 | \$1,837,931 | \$581 |
| Forest Receipts | 23,917 | 23,917 | |
| Capital Outlay | 420,000 | 335,194 | 84,806 |
| Total | \$2,282,429 | \$2,197,042 | \$85,387 |
| Community College: | | | |
| Operating Expenses | \$104,858 | \$104,858 | \$0 |
| TOTAL EDUCATION | \$2,387,287 | \$2,301,900 | \$85,387 |
| Debt Service: | | | |
| Principal Retirement | \$355,048 | \$355,048 | |
| Interest | 56,834 | 56,517 | \$317 |
| Total | \$411,882 | \$411,565 | \$317 |
| TOTAL EXPENDITURES | \$15,137,112 | \$13,512,420 | \$1,624,692 |
| Revenues Over (Under) Expenditures | (\$844,757) | \$417,442 | \$1,262,199 |
| OTHER FINANCING SOURCES (USES): | | | |
| <i>Transfers from Other Funds:</i> | | | |
| Enterprise Fund | \$135,000 | \$135,000 | |
| <i>Transfers to Other Funds:</i> | | | |
| Special Revenue Fund | (39,448) | (39,448) | |
| Installment Purchase Obligation Issued | 96,000 | 96,000 | |
| Capital Leases | 119,852 | 119,852 | |
| Appropriated Fund Balance | 533,353 | | (\$533,353) |
| Total Other Financing Sources (Uses) | \$844,757 | \$311,404 | (\$533,353) |
| NET CHANGE IN FUND BALANCE | \$0 | \$728,846 | \$728,846 |
| FUND BALANCES: | | | |
| Beginning of Year, July 1 | | 6,190,674 | |
| End of Year, June 30 | | \$6,919,520 | |

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, 2018

| | Project Authorization | Prior Years | Actual Current Year | Total To Date | Variance Favorable (Unfavorable) |
|---|----------------------------------|------------------------|------------------------------------|--------------------------|---|
| REVENUES: | | | | | |
| <i>Restricted Intergovernmental:</i> | | | | | |
| State of NC - Grant-In-Aid | \$3,000,000 | \$13,957,288 | | \$13,957,288 | \$10,957,288 |
| Golden Leaf Grant | 1,500,000 | | | | (1,500,000) |
| Rent | | | \$750 | 750 | 750 |
| Interest Income | | 77,729 | 67,432 | 145,161 | 145,161 |
| Total Revenues | \$4,500,000 | \$14,035,017 | \$68,182 | \$14,103,199 | \$9,603,199 |
| EXPENDITURES: | | | | | |
| <i>Education:</i> | | | | | |
| Installment Obligations Issued | \$16,228,947 | \$1,985,661 | \$12,709,868 | \$14,695,529 | \$1,533,418 |
| Total Expenditures | \$16,228,947 | \$1,985,661 | \$12,709,868 | \$14,695,529 | \$1,533,418 |
| Revenues Over (Under) Expenditures | (\$11,728,947) | \$12,049,356 | (\$12,641,686) | (\$592,330) | \$11,136,617 |
| OTHER FINANCING SOURCES: | | | | | |
| Installment Purchase Obligation - QZAB | \$8,992,127 | | \$8,998,000 | \$8,998,000 | \$5,873 |
| Installment Purchase Obligation - Taxable Loan | 2,736,820 | | 2,742,712 | 2,742,712 | 5,892 |
| Total Other Financing Sources | \$11,728,947 | \$0 | \$11,740,712 | \$11,740,712 | \$11,765 |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$0 | \$12,049,356 | (\$900,974) | \$11,148,382 | \$11,148,382 |
| FUND BALANCE: | | | | | |
| Beginning of Year, July 1 | | | 12,049,356 | | |
| End of Year, June 30 | | | \$11,148,382 | | |

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.
- *Stream Debris Removal Fund* – This fund accounts for grant funds used to remove from streams debris resulting from past and recent hurricanes, ice storms, and tornadoes.

Capital Project Funds

- *Restore Brock's Mill Pond Fund* – This fund accounts for the receipt of State funds used to restore Brock's Mill Pond.
- *Car Charging Station Fund* – This fund accounts for grant funds received from Duke Energy to install electric vehicle car charging stations.

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

| | Special Revenue Funds | | | | Capital Project Funds | | | Total Non-major Governmental Funds |
|--|---------------------------|----------------------------------|--------------------|----------------------------|---------------------------------------|-------------------------|---------------------------|------------------------------------|
| | Property Revaluation Fund | Community Development Block Fund | Fire District Fund | Stream Debris Removal Fund | Total Non-major Special Revenue Funds | Restore Brock Mill Fund | Car Charging Station Fund | |
| ASSETS | | | | | | | | |
| Cash & Cash Equivalents | | | \$3,605 | | \$3,605 | | | \$3,605 |
| Restricted Cash | \$83,455 | | | | 83,455 | | | 83,455 |
| Taxes Receivable, Net | | | 9,031 | | 9,031 | | | 9,031 |
| Due From Other Governments | | | | \$185,051 | 185,051 | \$3,900 | \$12,576 | \$16,476 |
| TOTAL ASSETS | \$83,455 | \$0 | \$12,636 | \$185,051 | \$281,142 | \$3,900 | \$12,576 | \$16,476 |
| | | | | | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | | | \$2,398 | | \$2,398 | | \$12,576 | \$12,576 |
| Due to Other Funds | | | | \$185,051 | 185,051 | \$3,900 | | 3,900 |
| Total Liabilities | \$0 | \$0 | \$2,398 | \$185,051 | \$187,449 | \$3,900 | \$12,576 | \$16,476 |
| | | | | | | | | |
| Deferred Inflows of Resources | | | | | | | | |
| Taxes Receivable | | | \$7,492 | | \$7,492 | | | \$7,492 |
| Accounts Receivable | | | | | | \$3,900 | \$12,576 | \$16,476 |
| Total Deferred Inflows of Resources | \$0 | \$0 | \$7,492 | \$0 | \$7,492 | \$3,900 | \$12,576 | \$16,476 |
| | | | | | | | | |
| Fund Balances: | | | | | | | | |
| Restricted: | | | | | | | | |
| Fire Protection | | | \$2,746 | | \$2,746 | | | \$2,746 |
| Committed | \$83,455 | | | | 83,455 | (\$3,900) | (\$12,576) | (\$16,476) |
| Total Fund Balances | \$83,455 | \$0 | \$2,746 | \$0 | \$86,201 | (\$3,900) | (\$12,576) | (\$16,476) |
| | | | | | | | | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$83,455 | \$0 | \$12,636 | \$185,051 | \$281,142 | \$3,900 | \$12,576 | \$16,476 |

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2018

| | Special Revenue Funds | | | | Capital Project Funds | | | Total Nonmajor Governmental Funds |
|---|---------------------------------|---|--------------------------|----------------------------------|---|--------------------------------|----------------------------------|--|
| | Property Revaluation Fund | Community Development Block Fund | Fire District Fund | Stream Debris Removal Fund | Total Nonmajor Special Revenue Funds | Restore Brocks Mill Fund | Car Charging Stations Fund | |
| REVENUES: | | | | | | | | |
| Ad Valorem Taxes | | | \$157,141 | | \$157,141 | | | \$157,141 |
| Local Option Sales Taxes | | | 1,429 | | 1,429 | | | 1,429 |
| Restricted Intergovernmental | | \$5,892 | | \$343,451 | \$349,343 | | | \$349,343 |
| Total Revenues | \$0 | \$5,892 | \$158,570 | \$343,451 | \$507,913 | \$0 | \$0 | \$0 |
| EXPENDITURES: | | | | | | | | |
| General Government | | \$5,892 | | | \$5,892 | | | \$5,892 |
| Public Safety | | | \$157,141 | | 157,141 | | | 157,141 |
| Economic & Physical Development | | | | | | \$12,576 | \$12,576 | 12,576 |
| Cultural and Recreation | | | | \$382,899 | 382,899 | \$3,900 | 3,900 | 386,799 |
| Total Expenditures | \$0 | \$5,892 | \$157,141 | \$382,899 | \$545,932 | \$3,900 | \$12,576 | \$16,476 |
| Revenues Over (Under) Expenditures | \$0 | \$0 | \$1,429 | (\$39,448) | (\$38,019) | (\$3,900) | (\$12,576) | (\$16,476) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers From (To) Other Funds | | | | \$39,448 | \$39,448 | | | \$39,448 |
| Total Other Financing Sources (Uses) | \$0 | \$0 | \$0 | \$39,448 | \$39,448 | \$0 | \$0 | \$0 |
| Net Change in Fund Balances | \$0 | \$0 | \$1,429 | \$0 | \$1,429 | (\$3,900) | (\$12,576) | (\$15,047) |
| FUND BALANCES: | | | | | | | | |
| Beginning of Year, July 1 | \$83,455 | | \$1,317 | | \$84,772 | | | \$84,772 |
| End of Year, June 30 | \$83,455 | \$0 | \$2,746 | \$0 | \$86,201 | (\$3,900) | (\$12,576) | \$69,725 |

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, 2018

| | Annual Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|--------------------------|------------------------|---|
| EXPENDITURES: | | | |
| <i>General Government:</i> | | | |
| Contract Revaluation | | \$0 | \$0 |
| OTHER FINANCING SOURCES: | | | |
| Operating Transfer From General Fund | | | |
| Appropriated Fund Balance | | | |
| Total Other Financing Sources | \$0 | \$0 | \$0 |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$0 | \$0 | \$0 |
| FUND BALANCE: | | | |
| Beginning of Year, July 1 | | 83,455 | |
| 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, 2018

| | <u>Project</u> <u>Authorization</u> | <u>Prior</u> <u>Years</u> | <u>Actual</u> <u>Current</u> <u>Year</u> | <u>Total</u> <u>To Date</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|---|--|------------------------------|--|--------------------------------|---|
| REVENUES: | | | | | |
| <i>Restricted Intergovernmental:</i> | | | | | |
| 2016 Commerce Fellows Program | \$50,000 | \$38,762 | \$5,892 | \$44,654 | (\$5,346) |
| Total Revenues | \$50,000 | \$38,762 | \$5,892 | \$44,654 | (\$5,346) |
| EXPENDITURES: | | | | | |
| <i>General Government:</i> | | | | | |
| Training | \$32,000 | \$26,379 | \$275 | \$26,654 | \$5,346 |
| Personnel | 13,000 | 12,201 | 799 | 13,000 | |
| Administration | 5,000 | 182 | 4,818 | 5,000 | |
| Total Expenditures | \$50,000 | \$38,762 | \$5,892 | \$44,654 | \$5,346 |
| Revenues Over (Under) Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 |
| FUND BALANCE: | | | | | |
| Beginning of Year, July 1 | | | _____ | | |
| End of Year, June 30 | | | \$0 | | |

JONES COUNTY, NORTH CAROLINA
FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2018

| | Annual Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|--------------------------|------------------------|---|
| REVENUES: | | | |
| Ad Valorem Taxes - Current Year | \$201,050 | \$157,141 | (\$43,909) |
| Local Option Sales Taxes | | 1,429 | 1,429 |
| Total Revenues | \$201,050 | \$158,570 | (\$42,480) |
| EXPENDITURES: | | | |
| <i>Public Safety:</i> | | | |
| Comfort Fire Tax District | \$22,985 | \$14,960 | \$8,025 |
| Hargett's Crossroad Fire District | 28,285 | 19,316 | 8,969 |
| Pollocksville Fire Tax District | 54,285 | 44,805 | 9,480 |
| Trenton Fire Tax District | 54,285 | 45,757 | 8,528 |
| Wyse Fork Fire Tax District | 28,385 | 19,890 | 8,495 |
| Township 7 Fire Tax District | 12,825 | 12,413 | 412 |
| Total Expenditures | \$201,050 | \$157,141 | \$43,909 |
| Revenues Over Expenditures | \$0 | \$1,429 | \$1,429 |
| FUND BALANCE, Beginning | | 1,317 | |
| FUND BALANCE, Ending | | \$2,746 | |

JONES COUNTY, NORTH CAROLINA
WATERWAY ENHANCEMENT – STREAM DEBRIS REMOVAL PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2018

| | <u>Project Authorizaion</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total To Date</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------------------|------------------------|------------------------------------|--------------------------|---|
| REVENUES: | | | | | |
| <i>Restricted Intergovernmental:</i> | | | | | |
| NC Department of Agriculture - Soil & Water Division | \$488,105 | | \$343,451 | \$343,451 | (\$144,654) |
| Total Revenues | \$488,105 | \$0 | \$343,451 | \$343,451 | (\$144,654) |
| EXPENDITURES: | | | | | |
| <i>Cultural and Recreation:</i> | | | | | |
| Waterway Enhancement - Stream Debris Removal | \$569,105 | | \$382,899 | \$382,899 | \$186,206 |
| Total Expenditures | \$569,105 | \$0 | \$382,899 | \$382,899 | \$186,206 |
| Revenues Over Expenditures | (\$81,000) | \$0 | (\$39,448) | (\$39,448) | \$41,552 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Local County Contribution (Transfer from General) | \$81,000 | | \$39,448 | \$39,448 | (\$41,552) |
| Total Other Financing Sources (Uses) | \$81,000 | \$0 | \$39,448 | \$39,448 | (\$41,552) |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 |
| FUND BALANCE, Beginning | | | | | |
| FUND BALANCE, Ending | | | \$0 | | |

JONES COUNTY, NORTH CAROLINA
RESTORE BROCK'S MILL POND CAPITAL PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2018

| | Project Authorization | Actual | | Total To Date | Variance Favorable (Unfavorable) |
|--|--------------------------|-----------------|------------------|------------------|--|
| | | Prior Years | Current Year | | |
| REVENUES: | | | | | |
| <i>Restricted Intergovernmental:</i> | | | | | |
| NCDCR - PARTF Grant | \$100,000 | \$52,895 | | \$52,895 | (\$47,105) |
| Total Revenues | \$100,000 | \$52,895 | \$0 | \$52,895 | (\$47,105) |
| EXPENDITURES: | | | | | |
| <i>Cultural & Recreation:</i> | | | | | |
| Restoration of Brock's Mill House & Pond | \$100,000 | \$52,895 | \$3,900 | \$56,795 | \$43,205 |
| Total Expenditures | \$100,000 | \$52,895 | \$3,900 | \$56,795 | \$43,205 |
| Revenues Over Expenditures | \$0 | \$0 | (\$3,900) | (\$3,900) | (\$3,900) |
| FUND BALANCE, Beginning | | | | | |
| FUND BALANCE, Ending | | | (\$3,900) | | |

JONES COUNTY, NORTH CAROLINA
PLUG-IN CAR CHARGING STATIONS CAPITAL PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2018

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total To Date</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------------|------------------------|------------------------------------|--------------------------|---|
| REVENUES: | | | | | |
| <i>Other Revenues:</i> | | | | | |
| Duke Energy | \$20,000 | | | | (\$20,000) |
| Total Revenues | \$20,000 | \$0 | \$0 | \$0 | (\$20,000) |
| EXPENDITURES: | | | | | |
| <i>Economic & Physical Development:</i> | | | | | |
| Plug-In Electric Vehicle Charging Stations | \$20,000 | | \$12,576 | \$12,576 | \$7,424 |
| Total Expenditures | \$20,000 | \$0 | \$12,576 | \$12,576 | \$7,424 |
| Revenues Over Expenditures | \$0 | \$0 | (\$12,576) | (\$12,576) | (\$12,576) |
| FUND BALANCE, Beginning | | | | | |
| FUND BALANCE, Ending | | | (\$12,576) | | |

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, 2018

| | 2018 | | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|--|
| | Budget | Actual | |
| OPERATING REVENUES: | | | |
| Water Sales | \$1,400,000 | \$1,368,185 | (\$31,815) |
| Water Tap Fees | 15,000 | 26,503 | 11,503 |
| Reconnect Fees | 23,000 | 21,840 | (1,160) |
| Other Operating Revenues | 14,850 | 26,548 | 11,698 |
| Total Operating Revenues | \$1,452,850 | \$1,443,076 | (\$9,774) |
| NONOPERATING REVENUES: | | | |
| Interest Earned on Investment | | \$164 | \$164 |
| Total Nonoperating Revenues | \$0 | \$164 | \$164 |
| Total Revenues | \$1,452,850 | \$1,443,240 | (\$9,610) |
| OPERATING EXPENSES: | | | |
| <i>Water Administration, Billing & Collection:</i> | | | |
| Salaries & Employee Benefits | \$100,735 | \$100,330 | \$405 |
| Professional Services | 10,000 | 10,000 | |
| Insurance | 51,000 | 51,000 | |
| Postage | 12,000 | 7,920 | 4,080 |
| Supplies | 1,500 | 1,382 | 118 |
| Printing | 3,500 | 3,462 | 38 |
| Telephone | 2,400 | 1,380 | 1,020 |
| Other Operating Expenses | 52,800 | 50,514 | 2,286 |
| Total | \$233,935 | \$225,988 | \$7,947 |
| <i>Raw Water Supply & Maintenance:</i> | | | |
| Salaries & Employee Benefits | \$281,837 | \$280,697 | \$1,140 |
| Electric Power | 68,000 | 66,699 | 1,301 |
| Vehicles Operation & Maintenance | 27,100 | 23,914 | 3,186 |
| Supplies & Materials | 14,405 | 13,381 | 1,024 |
| Sample Analysis | 15,000 | 14,176 | 824 |
| Other Operating Expenses | 89,600 | 81,072 | 8,528 |
| Maintenance & Replacement | 87,200 | 88,952 | (1,752) |
| Total | \$583,142 | \$568,891 | \$14,251 |
| Total Operating Expenses | \$817,077 | \$794,879 | \$22,198 |
| <i>Debt Service:</i> | | | |
| Interest and Other Charges | \$19,802 | \$19,802 | |
| Debt Principal | 151,148 | 147,595 | \$3,553 |
| Total | \$170,950 | \$167,397 | \$3,553 |

JONES COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2018

| | 2018 | | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--|
| | Budget | Actual | |
| <i>Capital Outlay:</i> | | | |
| Construction | \$191,823 | \$103,133 | \$88,690 |
| Total Expenditures | \$1,179,850 | \$1,065,409 | \$114,441 |
| Revenues Over (Under) Expenditures Before Other Financing Sources (Uses) | \$273,000 | \$377,831 | \$104,831 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfer to General Fund | (\$135,000) | (\$135,000) | |
| Transfer to Water Capital Reserve Capital Project Fund | (150,000) | (150,000) | |
| Gain on Sale of Fixed Assets | 12,000 | 11,723 | (\$277) |
| Total Other Financing Sources (Uses) | (\$273,000) | (\$273,277) | (\$277) |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$0 | \$104,554 | \$104,554 |
| Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual: | | | |
| Revenues and Other Financing Sources Over (Under) Expenditures | | \$104,554 | |
| Reconciling Items: | | | |
| Debt Principal | | \$147,595 | |
| Capital Outlay | | 103,133 | |
| Depreciation | | (458,878) | |
| Decrease in Deferred Outflows of Resources - Pensions | | (27,727) | |
| Decrease in Net Pension Liability | | 23,788 | |
| Decrease in Deferred Inflows of Resources - Pensions | | 2,082 | |
| Increase in Accrued Vacation | | (5,300) | |
| Transfer to Water Capital Reserve Capital Project Fund | | 150,000 | |
| Total Reconciling Items | | (\$65,307) | |
| Change in Net Position | | \$39,247 | |

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, 2018

| | Budget | 2018 Actual | Variance Favorable (Unfavorable) |
|---|---------------|------------------------|---|
| OTHER FINANCING SOURCES (USES): | | | |
| Transfer from Water Fund | | \$150,000 | \$150,000 |
| Total Other Financing Sources (Uses) | \$0 | \$150,000 | \$150,000 |
| | | | |
| Revenues and Other Financing Sources Over (Under) Expenditures | \$0 | \$150,000 | \$150,000 |
| | | | |
| FUND BALANCES: | | | |
| Beginning of Year, July 1 | | 985,642 | |
| End of Year, June 30 | | \$1,135,642 | |

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, 2018

| | 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: | | | | | |
| Construction-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 | | \$89,118 | \$89,118 | 299,732 |
| Legal | 25,000 | \$2,956 | 338 | 3,294 | 21,706 |
| 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 | | 171,218 | 171,218 | 48,782 |
| Equipment | 5,000 | | | | 5,000 |
| Contingency | 187,575 | | | | 187,575 |
| Total Expenditures | \$8,191,000 | \$7,956 | \$260,674 | \$268,630 | \$7,922,370 |
| Revenues Over (Under) Expenditures | (\$50,000) | (\$7,956) | (\$260,674) | (\$268,630) | (\$218,630) |
| OTHER FINANCING SOURCES: | | | | | |
| Local Match | \$50,000 | \$7,956 | \$42,044 | \$50,000 | |
| Total Other Financing Sources | \$50,000 | \$7,956 | \$42,044 | \$50,000 | \$0 |
| Revenues and Other Financing Sources Over (Under) Expenditures | | \$0 | (\$218,630) | (\$218,630) | (\$218,630) |
| FUND BALANCE: | | | | | |
| Beginning of Year, July 1 | | | | | |
| End of Year, June 30 | | | | | (\$218,630) |

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, 2018

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|------------------------------|------------------|-------------------|---------------------------|
| Social Services Fund: | | | | |
| Assets, Cash and Investments | \$17,422 | \$56,292 | \$55,750 | \$17,964 |
| Accounts Receivable | 1,282 | 217 | 1,282 | 217 |
| Total | \$18,704 | \$56,509 | \$57,032 | \$18,181 |
| Liabilities, Accounts Payable | \$18,704 | \$56,509 | \$57,032 | \$18,181 |
| Fines and Forfeitures Fund: | | | | |
| Assets, Cash and Investments | | \$96,468 | \$96,468 | |
| Accounts Receivable | \$5,197 | 6,854 | 5,197 | \$6,854 |
| Total | \$5,197 | \$103,322 | \$101,665 | \$6,854 |
| Liabilities: | | | | |
| Intergovernmental Payable - Jones County Board of Education | \$5,197 | \$101,665 | \$100,008 | \$6,854 |
| Total Liabilities | \$5,197 | \$101,665 | \$100,008 | \$6,854 |
| Ad Valorem Tax Fund: | | | | |
| Assets, Cash and Investments | \$10,201 | \$320,767 | \$323,440 | \$7,528 |
| Accounts Receivable | 44,473 | 46,022 | 44,473 | 46,022 |
| Total | \$54,674 | \$366,789 | \$367,913 | \$53,550 |
| Liabilities, Intergovernmental Payables | \$54,674 | \$366,789 | \$367,913 | \$53,550 |
| Agricultural Extension Fund: | | | | |
| Assets, Cash and Investments | \$125,665 | \$17,392 | \$96,640 | \$46,417 |
| Accounts Receivable | 150 | | 150 | |
| Total | \$125,815 | \$17,392 | \$96,790 | \$46,417 |
| Liabilities, Intergovernmental Payables | \$125,815 | \$17,392 | \$96,790 | \$46,417 |
| Animal Cruelty Fund: | | | | |
| Assets, Cash and Investments | \$29,390 | \$72,195 | \$35,420 | \$66,166 |
| Liabilities, Intergovernmental Payables | \$29,390 | \$72,195 | \$35,420 | \$66,166 |
| Miscellaneous Trust Fund: | | | | |
| Assets, Cash and Investments | \$6,009 | \$183,139 | \$116,213 | \$72,935 |
| Accounts Receivable | | 221 | | 221 |
| Total | \$6,009 | \$183,360 | \$116,213 | \$73,156 |
| Liabilities, Intergovernmental Payables | \$6,009 | \$183,360 | \$116,213 | \$73,156 |
| Totals - All Agency Funds: | | | | |
| Assets, Cash | \$188,687 | \$746,253 | \$723,930 | \$211,010 |
| Accounts Receivable | 51,102 | 53,314 | 51,102 | 53,314 |
| Total | \$239,789 | \$799,567 | \$775,032 | \$264,324 |
| Liabilities and Payables | \$239,789 | \$797,910 | \$773,376 | \$264,324 |

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, 2018

| Fiscal Year Ended June 30, | Uncollected Balance June 30, 2017 | Additions | Collections and Credits | Uncollected Balance June 30, 2018 |
|--|---|--------------------|-------------------------------|---|
| 2017-18 | | \$7,273,583 | \$7,059,014 | \$214,569 |
| 2016-17 | \$162,946 | | 101,888 | 61,058 |
| 2015-16 | 84,841 | | 32,428 | 52,413 |
| 2014-15 | 31,831 | | 9,358 | 22,473 |
| 2013-14 | 32,149 | | 4,613 | 27,536 |
| 2012-13 | 27,485 | | 2,154 | 25,331 |
| 2011-12 | 18,894 | | 1,330 | 17,564 |
| 2010-11 | 14,271 | | 742 | 13,529 |
| 2009-10 | 11,870 | | 275 | 11,595 |
| 2008-09 | 11,633 | | 21 | 11,612 |
| 2007-08 | 9,822 | | 9,822 | |
| | \$405,742 | \$7,273,583 | \$7,221,645 | \$457,680 |
| Less: Allowance for Uncollectible Ad Valorem Taxes | | | | (13,700) |
| Ad Valorem Taxes Receivable - Net | | | | \$443,980 |
| Reconciliation with Revenue: | | | | |
| Taxes - Ad Valorem - General Fund | | | | \$7,263,574 |
| <i>Reconciling Items:</i> | | | | |
| Taxes Written Off | | | | \$9,822 |
| Interest Collected | | | | (51,751) |
| Total Reconciling Items | | | | (\$41,929) |
| Total Collections and Credits | | | | \$7,221,645 |

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2018

| | County-Wide | | Total Levy | | |
|---|-----------------------|------|---|------------------------------|------------------|
| | | | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles | |
| | Property Valuation | Rate | | Amount of Levy | |
| Original Levy: | | | | | |
| Property Taxed at Current Year's Rate | \$760,915,760 | 0.84 | \$6,391,693 | \$6,391,693 | |
| Motor Vehicle NCVTS | 92,050,165 | 0.84 | 763,172 | | \$763,172 |
| Total Original Levy | \$852,965,925 | | \$7,154,865 | \$6,391,693 | \$763,172 |
| Discoveries: | | | | | |
| Current Year Taxes | \$9,028,870 | 0.84 | \$76,246 | \$76,246 | |
| Total Discoveries | \$9,028,870 | | \$76,246 | \$76,246 | \$0 |
| Deferred: | | | | | |
| Current Year Taxes | \$5,327,706 | 0.84 | \$42,472 | \$42,472 | |
| Total Discoveries | \$5,327,706 | | \$42,472 | \$42,472 | \$0 |
| Total Property Valuation | \$867,322,501 | | | | |
| Net Levy | | | \$7,273,583 | \$6,510,411 | \$763,172 |
| Uncollected Taxes at June 30, 2018 | | | 214,569 | 214,569 | |
| Current Year's Taxes Collected | | | \$7,059,014 | \$6,295,842 | \$763,172 |
| Current Levy Collection Percentage | | | 97.05% | 96.70% | 100.00% |

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2018

| Taxpayer | Type of Business | 2016 Assessed Valuation | Percentage of Total Assessed Valuation |
|---------------------------------|------------------|-------------------------|--|
| Weyerhaeuser Company | Timber | \$34,120,110 | 3.93% |
| Jones - Onslow EMC | Utility | \$26,725,001 | 3.08% |
| Hofmann Forest Timber Land, LLC | Timber | \$16,085,015 | 1.85% |
| Duke Energy Progress, Inc. | Utility | \$8,568,142 | 0.99% |
| Brown's Realty Partnership | Real Estate | \$8,511,107 | 0.98% |
| Jones County Cotton Gin, Inc. | Agricultural | \$5,443,117 | 0.63% |
| Brunswick Timber, LLC | Timber | \$4,878,258 | 0.56% |
| Randy D. Riggs | Agricultural | \$3,516,698 | 0.41% |
| Carteret-Craven EMC | Utility | \$2,965,358 | 0.34% |
| Martin Marietta Materials, Inc. | Manufacturing | \$2,873,748 | 0.33% |

COMPLIANCE SECTION



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

PO OFFICE BOX 6069
KINSTON, NC 28501-0069

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

TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

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

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, 2018, and the related notes to the financial statements, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated January 15, 2019.

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.

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. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 18-1 that we consider 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

January 15, 2019



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

PO OFFICE BOX 6069
KINSTON, NC 28501-0069

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

TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB 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, 2018. 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, 2018.

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 18-2. 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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 18-2 that we consider 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

January 15, 2019



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CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
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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, 2018. 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, 2018.

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 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as Finding 18-3. 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

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.

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. 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 18-3 that we consider 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

January 15, 2019

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2018

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> |

Federal Awards

| | | |
|--|---------------|---------------|
| Internal control over major programs: | | |
| • Material weakness(es) identified | <u> </u> | <u> X </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> |
|---------------------|--|
| | Subsidized Child Care Cluster: |
| 93.596 | Child Care and Development Fund-Administration |
| 93.575 | Child Care and Development Fund-Discretionary |
| 93.596 | Child Care and Development Fund-Mandatory |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | NC Child Support Enforcement Section |
| 93.563 | IV-D Administration |
| 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, 2018

| | YES | NO |
|---------------------------------------|-------|-------------|
| Auditee qualified as low-risk auditee | _____ | _____X_____ |

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

Subsidized Child Care Cluster:
State Appropriations

Office of State Budget and Management – School Construction Funds

II. FINANCIAL STATEMENT FINDINGS

FINDING 18-1 (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.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2018

*Identification of a
repeat finding:*

This is a repeat finding from the immediate previous audit, 17-1.

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 necessary.

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COST

FINDING 18-2 (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

**IMMATERIAL NONCOMPLIANCE
SIGNIFICANT DEFICIENCY**

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: Thirteen (13) 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 96 client files, we noted the following deficiencies in 13 case files:

- 7 case files did not contain verification of real property
- 2 case files did not contain verification of liquid assets
- 2 case files did not have resources entered in to NCFAST
- 3 case files did not have resources computed correctly in NCFAST
- 2 case files did not have review completed timely

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.

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, 17-2.

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

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2018

*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.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 18-3

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Name: Medical Assistance Program

REFER TO FEDERAL FINDING 18-2

***County of Jones
Finance Office***

**Brenda C. Reece
Finance Officer**

**418 Hwy 58 N, Unit A
Trenton, North Carolina 28585**

**Phone: (252) 448-5111
Email: breece@jonescountync.gov**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

December 18, 2018

**Barrow, Parris, and Davenport, P.A.
662 Sussex Street
Kinston, NC 28504**

Based on our conversations regarding the three audit findings, our responses are as follows:

18-1 – We agree. No change from previous year. We do not have the adequate number of staff to compile the financial statements as required. We contract with Barrow, Parris and Davenport, P.A. to prepare our financial statements.

18-2 – We agree. Jones County Department of Social Services has taken action to alleviate future errors in this area. See the attached letter from the Department of Social Services Director, Chris Harper.

18-3 - We agree. Jones County Department of Social Services has taken action to alleviate future errors in this area. See the attached letter from the Department of Social Services Director, Chris Harper.

If you have any questions, please feel free to contact me at the number or email above.

Sincerely,



**Brenda Reece
Finance Officer**



JONES COUNTY

Department of Social Services
Chris Harper, Director

December 18, 2018

DHHS Office of Internal Auditor
2008 Mail Service Center
Raleigh, NC 27699

CORRECTIVE ACTION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Re: Jones County Audit Finding Responses

To Whom It May Concern,

Jones County Department of Social Services provides the following regarding necessary corrective action in response to the FY 17-18 audit.

Finding 18-3: Medicaid Assistance Program Significant Deficiency - Immaterial Noncompliance

Jones County Department of Social Services has taken the following action to alleviate future errors in this area:

6/5/2018- Documentation Training

A group training session was held on 6/5/2018 to discuss proper documentation practices. Each caseworker has a Documentation Template that they are to use to help keep documentation streamlined, thorough, and uniformed across the agency.

6/7/2018- Verification Training

A group training session was held on 6/7/2018 to discuss proper verification practices. Caseworkers were reminded to run OVS and AVS in NCFASST at each application and recertification.

11/19/2018- Refresher Training on Notices, Documentation and Verifications

A group refresher training was held on 11/19/2018 to discuss correct notice procedures and proper documentation and verification practices. Caseworkers were reminded that notices addressed to clients need to be completed in their entirety with correct client information, dates and program manual sections. Caseworkers were also reminded of documentation procedures and obtaining sufficient verifications on all financial and non-financial eligibility factors. It was noted during this meeting that all verifications need to be identified and entered into NCFASST.

Jones County Department of Social Services implemented a larger Quality Control Sample of Medicaid Assistance cases reviewed. Our goal is to review all Medicaid Assistance cases. By reviewing 100% of all Medicaid Assistance Cases our error rate should drastically decrease. In addition, a complete change in Medicaid Staff has occurred at Jones County Department of Social Services in the Adult Medicaid Unit. The deficiencies identified in the "Fiscal Year Ending on June 30, 2018 Single Source Audit" were primarily created by two former Adult Medicaid Caseworkers.

Lastly, Jones County Department of Social Services' Management Staff is in the process of developing and implementing a formal, program specific training plan. We feel that a thorough, policy-driven training plan will be beneficial to all new and current employees, including supervisors and will be integral to our agency's continued success. A well-developed, consistent training plan provides framework that can be used to teach new hires how to perform essential job functions and provide ongoing training and performance management functions for current workers.

If you need any further information, please feel free to contact Melissa Labra at (252) 448-2581 ext. 2040.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Harper".

Chris Harper
Director

418 NC Hwy. 58N
Unit D
Trenton, NC 28585

Phone: 252-448-2581
Fax: 252-448-5651

JONES COUNTY, NORTH CAROLINA
 SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
 For The Fiscal Year Ended June 30, 2018

FINDING 17-1 **Financial Reporting**
 STATUS: Not corrected. See current year finding 18-1.

FINDING 17-2 **Medicaid**
 STATUS: Not corrected. See current year finding 18-2.

FINDING 17-3 **Day Sheets**
 STATUS: Corrected.

FINDING 17-4 **Medicaid**
 STATUS: Not corrected. See current year finding 18-2.

FINDING 17-5 **Medicaid**
 STATUS: Corrected.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal-(Direct & Pass-Through) Expenditures | State Expenditures | Local Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| FEDERAL PROGRAMS | | | | |
| U.S. DEPARTMENT OF AGRICULTURE: | | | | |
| Food and Nutrition Service: | | | | |
| <i>Passed Through NC Department of Health and Human Services:</i> | | | | |
| Division of Social Services: | | | | |
| Administration: | | | | |
| Supplemental Nutrition Assist. Program Cluster: | | | | |
| <i>Administered by County Dept. of Social Services:</i> | | | | |
| State Administrative Matching Grants for the | | | | |
| Supplemental Nutrition Assist. Program | 10.561 | \$171,506 | | \$171,506 |
| Supplemental Nutrition Assist. Program Fraud | 10.561 | 53,552 | | 53,552 |
| Total Supplemental Nutrition Assist. Program Cluster | | \$225,058 | \$0 | \$225,058 |
| <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 | \$57,587 | | |
| | | \$57,587 | \$0 | \$0 |
| Passed thru NC State Controller | | | | |
| School and Roads - Grants to State | 10.665 | \$23,917 | | |
| | | \$23,917 | \$0 | \$0 |
| Total U.S. Department of Agriculture | | \$306,562 | \$0 | \$225,058 |
| US DEPARTMENT OF INTERIOR | | | | |
| Direct Payment in Lieu of Taxes | 15.226 | \$105,511 | \$0 | \$0 |
| US ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Passed thru NC Division of Public Health | | | | |
| In Home Asthma Interventions | 97.042 | \$1,364 | \$0 | \$0 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| <i>Passed Through NC Department of Commerce:</i> | | | | |
| Community Development Block Grant Cluster: | | | | |
| 2016 Commerce Fellows Program | 14.228 | \$5,892 | \$0 | \$0 |

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal-(Direct & Pass-Through) Expenditures | State Expenditures | Local Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u> | | | | |
| <i>Passed Through NC Department of Crime Control and Public Safety:</i> | | | | |
| Division of Emergency Management: | | | | |
| <i>Administered by County Department of Emergency Management:</i> | | | | |
| Emergency Management Assistance | 97.042 | \$38,642 | | |
| Total U.S. Department of Homeland Security | | \$38,642 | \$0 | \$0 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u> | | | | |
| <u>Administration on Aging:</u> | | | | |
| <i>Passed Through NC Department of Health and Human Services:</i> | | | | |
| Aging Cluster: | | | | |
| <i>Administered by County Finance Department:</i> | | | | |
| Special Programs for the Elderly- | | | | |
| Title III C-Nutritional Services (Congregate) | 93.045 | \$60,001 | \$3,529 | |
| Title III C-Nutritional Services (Home Delivered Meals) | 93.045 | 20,754 | 22,407 | |
| Title III-B - Access Services Transportation | 93.044 | 3,063 | 177 | |
| Title III-B - In-Home Services | 93.044 | | 23,545 | |
| NSIP Supplement | 93.053 | 13,904 | | |
| Senior Center General Purpose Funds | | | 3,218 | |
| Operation Fan | | | 262 | |
| Total Aging Cluster | | \$97,722 | \$53,138 | \$0 |
| Social Services Block Grant (SSBG) - In Home Services | 93.667 | \$2,262 | \$65 | \$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 | \$19,407 | | |
| Temporary Assistance for Needy Families | 93.558 | 1,459 | | |
| Total Population Affairs | | \$20,866 | \$0 | \$0 |

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| 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 | \$62,745 | \$13,267 | \$38,547 |
| Foster Care-Direct Benefit Payments | 93.658 | 9,671 | | 1,156 |
| Total Foster Care and Adoption Cluster | | \$72,416 | \$13,267 | \$39,703 |
| <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 | \$45,156 | | \$12,626 |
| Work First Services | 93.558 | 132,381 | | 31,320 |
| Total TANF Cluster | | \$177,537 | \$0 | \$43,946 |
| NC Child Support Enforcement Section | 93.563 | \$606 | | \$312 |
| IV-D Administration | 93.563 | 361,638 | | 186,298 |
| | | \$362,244 | \$0 | \$186,610 |
| Low Income Home Energy Assistance Block Grant: | | | | |
| Administration | 93.568 | \$8,886 | | |
| Crisis Intervention Program | 93.568 | 49,904 | | |
| | | \$58,790 | \$0 | \$0 |
| Permanency Planning-Administration | 93.645 | \$1,162 | \$0 | \$387 |
| Family Preservation | 93.556 | \$8,092 | \$0 | \$0 |
| <i>Passed Through NC Department of Health and Human Services:</i> | | | | |
| Division of Social Services: | | | | |
| Social Services Block Grant | 93.667 | \$83,723 | \$0 | \$27,907 |
| Division of Child Development: | | | | |
| Subsidized Child Care | | | | |
| Child Care Development Fund Cluster: | | | | |
| Division of Social Services: | | | | |
| Child Care and Development Fund-Administration | 93.596 | \$82,035 | | |
| Division of Child Development: | | | | |
| Child Care and Development Fund-Discretionary | 93.575 | 33,284 | | |
| Child Care and Development Fund-Mandatory | 93.596 | 4,386 | | |
| Total Child Care Development Fund Cluster | | \$119,705 | \$0 | \$0 |
| Temporary Assistance for Needy Families | 93.558 | \$3,572 | | |
| State Appropriations | | | \$5,337 | |
| Total Subsidized Child Care | | \$123,277 | \$5,337 | \$0 |

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal-(Direct & Pass-Through) Expenditures | State Expenditures | Local Expenditures |
|--|----------------|--|-----------------------|-----------------------|
| <u>Center for Medicare and Medicaid Services:</u> | | | | |
| <i>Passed Through NC Department of Health and Human Services:</i> | | | | |
| Division of Medical Assistance: | | | | |
| <i>Administered by County Department of Social Services:</i> | | | | |
| Medical Assistance Program Administration | 93.778 | \$108,892 | \$706 | \$101,374 |
| Medical Assistance Program | 93.778 | 358,075 | | 121,712 |
| NC Health Choice Administration | 93.767 | 5,764 | 1 | |
| | | \$472,731 | \$707 | \$223,086 |
| <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 | \$19,998 | \$15,001 | \$0 |
| <u>Centers for Disease Control</u> | | | | |
| <i>Passed Through NC Department of Health and Human Services:</i> | | | | |
| Division of Epidemiology: | | | | |
| <i>Administered by County Health Department:</i> | | | | |
| PPHF - Immunizations | 93.539 | \$5,197 | | |
| Cancer Prevention & Control Program | 93.752 | 255 | | |
| Breast and Cervical Cancer Control | 93.898 | 2,805 | | |
| | | \$8,257 | \$0 | \$0 |
| Division of Public Health: | | | | |
| <i>Administered by County Health Department:</i> | | | | |
| Agreements for TB Control Programs | 93.116 | \$50 | | |
| Statewide Health Promotion Program | 93.758 | 42,761 | | |
| Preventative Health - STD Control | 93.977 | 124 | | |
| Public Health Emergency Preparedness | 93.074 | 32,798 | | |
| Wisewoman Project | 93.094 | 5,750 | | |
| | | \$81,483 | \$0 | \$0 |
| Total U.S. Department of Health and Human Services | | \$1,590,560 | \$87,515 | \$521,639 |
| TOTAL FEDERAL ASSISTANCE | | \$2,048,531 | \$87,515 | \$746,697 |

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal-(Direct & Pass-Through) Expenditures | State Expenditures | Local Expenditures |
|---|----------------|--|-----------------------|-----------------------|
| STATE PROGRAMS | | | | |
| <u>NC DEPARTMENT OF THE GOVERNOR:</u> | | | | |
| Division of Veteran Affairs | | | | |
| Veteran Affairs | | \$0 | \$2,175 | \$0 |
| <u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u> | | | | |
| Division of Social Services: | | | | |
| <i>Administered by County Department of Social Services:</i> | | | | |
| Direct Benefit Payments: | | | | |
| Supplemental Assistance | | | \$60,741 | \$60,741 |
| St Child Welfare/CPS | | | 8,842 | |
| Energy Assistance Private Grant | | | 3,212 | |
| SFHF Maximization | | | 5,898 | 5,898 |
| State Foster Home | | | 3,686 | 3,686 |
| | | \$0 | \$82,379 | \$70,325 |
| Division of Public Health: | | | | |
| <i>Administered by County Health Department:</i> | | | | |
| Aid to Counties | | | \$91,393 | |
| Food & Lodging | | | 3,598 | |
| HMHC - Family Planning | | | 3,523 | |
| Child Health | | | 689 | |
| Maternal Health (HMHC) | | | 3,104 | |
| Communicable Disease | | | 12,689 | |
| School Nurse Funding Initiative | | | 50,000 | |
| Breast and Cervical Cancer Program | | | 400 | |
| HIV/STD SSBG Aid | | | 3,060 | |
| Tuberculosis & TB Medical Services | | | 500 | |
| Sexually Transmitted Diseases | | | 2,715 | |
| Women's Health Service Fund | | | 4,518 | |
| Electronic Health Records | | | 612 | |
| Minority Diabetes Prevention Program | | | 12,302 | |
| | | \$0 | \$189,103 | \$0 |
| Total NC Department of Health and Human Services | | \$0 | \$271,482 | \$70,325 |
| <u>NATURAL RESOURCE DIVISION</u> | | | | |
| <i>Administered by County Department of Soil Conservation</i> | | | | |
| Soil & Water Conservation | | | \$28,535 | |
| Parks & Recreation Trust Fund Grant - Brock's Mill Pond | | | 3,900 | |
| Parks & Recreation Trust Fund Grant - Recreation | | | 100 | |
| Electronic Management | | | 826 | |
| Stream Debris Removal | | | 343,451 | |
| | | \$0 | \$376,812 | \$0 |

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2018

| Grantor/Pass-Through Grantor/Program Title | CFDA Number | Federal-(Direct & Pass-Through) Expenditures | State Expenditures | Local Expenditures |
|--|----------------|--|-----------------------|-----------------------|
| <u>NC DEPARTMENT OF PUBLIC SAFETY:</u> | | | | |
| <i>Administered by County Finance Department:</i> | | | | |
| Juvenile Justice and Delinquency | | \$0 | \$84,011 | \$0 |
| <u>NC DEPARTMENT OF TRANSPORTATION:</u> | | | | |
| <i>Administered by County Finance Department:</i> | | | | |
| ROAP Elderly & Disabled Transportation Assistance | | | \$36,318 | |
| ROAP Rural General Public Program | | | 5,567 | |
| ROAP Work First Transitional Employment | | | 3,362 | |
| Governor's Highway Safety Grant - Sheriff's Office | | | 17,500 | |
| | | \$0 | \$62,747 | \$0 |
| <u>NC DEPARTMENT OF INSURANCE:</u> | | | | |
| SHIIP Grant | | \$0 | \$3,417 | \$0 |
| <u>NC DEPARTMENT OF PUBLIC INSTRUCTION:</u> | | | | |
| Public School Building Capital Fund - Lottery Proceeds | | \$0 | \$169,097 | \$0 |
| <u>OFFICE OF STATE BUDGET AND MANAGEMENT:</u> | | | | |
| School Construction Funds | | \$0 | \$11,468,433 | \$0 |
| TOTAL STATE ASSISTANCE | | \$0 | \$12,438,174 | \$70,325 |
| TOTAL FEDERAL AND STATE ASSISTANCE | | \$2,048,531 | \$12,525,689 | \$817,022 |

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, 2018. 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.

INDIRECT COST RATE

Jones County has elected not to use the 10-percent de minimis indirect cost rate 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.