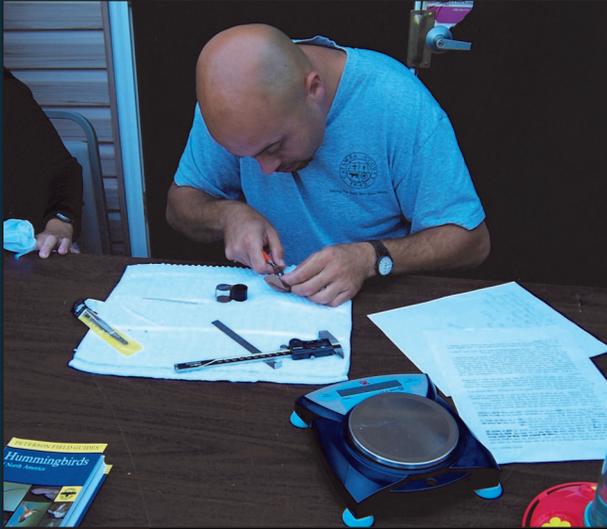


# 2009

## Annual Report Financial Highlights



**For the Fiscal Year Ended  
June 30, 2009**



***Keeping the Spirit Alive Since 1842!***



**Catawba County,  
North Carolina**



## Citizens of Catawba County:

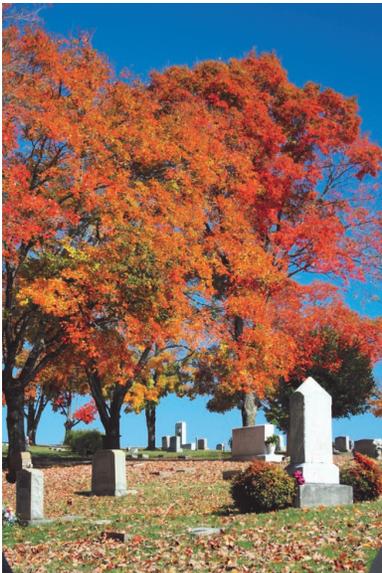
We are proud to present the Catawba County Financial Highlights for fiscal year 2008-2009.

In today's complex world of financial reporting, analyzing financial statements can be a challenge—especially for those without accounting backgrounds. This report was designed to address that issue by providing a recap of your County government's finances in an easy to read format.

The financial statements used in this report are simplified and condensed to reflect financial information regarding Catawba County's government-wide information. The County's government-wide financial statements provide information on revenues, expenses, and net assets of Catawba County for the fiscal year ending June 30, 2009.

Most of the information in this report is drawn from the financial information appearing in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The CAFR is a more detailed and complete financial presentation prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by the County's independent external auditors. While the financial data in this report conforms with GAAP, the statistical, economic and demographic data are taken from various sources and are not necessarily GAAP based. Additional financial information can be found in the CAFR, available at Catawba County public libraries and online at [www.catawbacountync.gov/depts/finance/](http://www.catawbacountync.gov/depts/finance/).

If you have any questions regarding this report, please contact the Finance Director at 828.465.8210, or write to: Finance Director, Catawba County, P.O. Box 389, Newton, NC 28658.



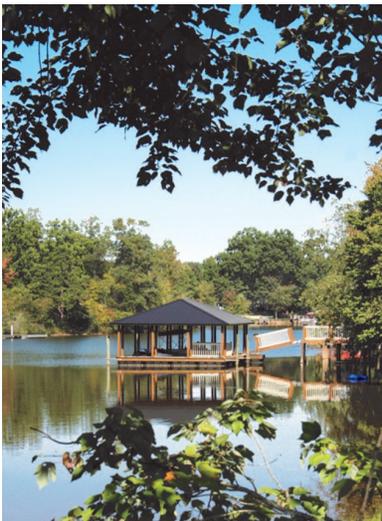
**County Manager**  
J. Thomas Lundy



**Finance Director**  
Rodney N. Miller

## Condensed Financial Statement

The consolidated Financial Statements are presented in conformity with generally accepted accounting practices (GAAP). For a copy of the full 2009 Comprehensive Annual Financial Report including audited Financial Statements, which includes more detailed information, please contact Catawba County Finance at 828.465.8210 or visit [www.catawbacountync.gov](http://www.catawbacountync.gov)



Photos courtesy: Kenneth Maynor

# ABOUT CATAWBA COUNTY



Photo courtesy: Lee Yount

## Overview

Located in a peaceful valley just east of the Blue Ridge Mountains, Catawba County is a land of scenic beauty, diverse cultures, and various industries. Three beautiful lakes are located within its 414 square miles, and the Catawba River winds along its northern and eastern border.

Catawba County was officially established on December 12, 1842 when Lincoln County was divided by an act of the North Carolina General Assembly. The County has eight cities and towns and a population of 157,073, ranking 17th out of 100 counties in North Carolina.

In 1937, Catawba County became the third county in the State to adopt the council-manager form of government. The Board of Commissioners is comprised of a five-member board elected at large on staggered terms in a countywide election. The Board of Commissioners is the policy-making and legislative authority for the County. It is responsible for adopting the annual budget, approving zoning and planning issues and other matters related to the health and welfare of the County.

The County Manager is the Chief Executive Officer and is responsible for enforcement of laws and ordinances, preparation and administration of the annual budget, delivery of services, implementing policies, managing daily operations and appointment of department heads.

## 2008 Financial Highlights Award

The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award

for Outstanding Achievement in Popular Annual Financial Reporting to Catawba County for its Annual Report Financial Highlights for the fiscal year ended June 30, 2008. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, the contents of which conform to program standards of creativity, presentation, understandability and reader appeal..

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This was Catawba County's first award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

### Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

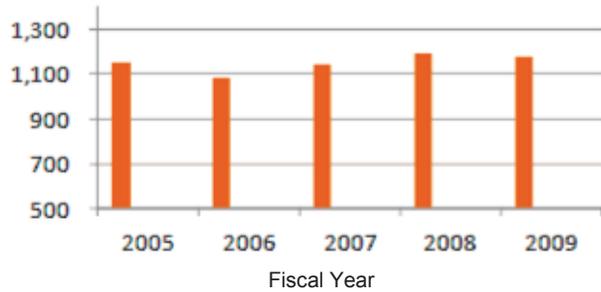
**Catawba County,  
North Carolina**

for the Fiscal Year Ended  
June 30, 2008



# CATAWBA COUNTY AT A GLANCE

## Full Time County Employees 2005-2009



\* 2009 Full Time Employees 1,180



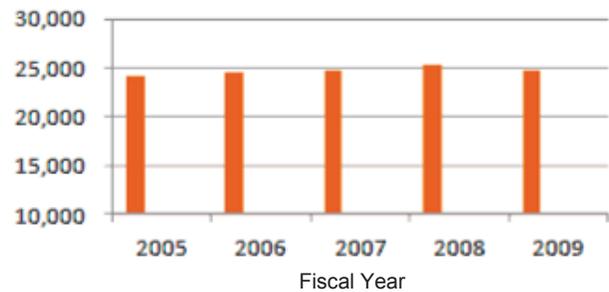
Photos courtesy: Economic Development Corporation

### Catawba County Principal Employers

- 1 Catawba County Schools
- 2 Frye Regional Medical Center
- 3 Catawba Valley Medical Center
- 4 CommScope, Inc.
- 5 Catawba County Government
- 6 Hickory Springs Manufacturing
- 7 Corning Cable Systems
- 8 Sherrill Furniture Company
- 9 CV Industries, Inc.
- 10 City of Hickory



## School Enrollment 2005-2009



Photos courtesy: Economic Development Corporation



### Catawba County

Fiscal Year	1999	2009
County Property Tax	\$0.55	\$0.535
Total Budget	\$166.8 million	\$221.7 million
Population	132,545	157,073
Outstanding Debt	\$82.1 million	\$130.6 million

# ECONOMIC OVERVIEW

## Local Economy

In the midst of the longest U.S. recession in a quarter century, Catawba County's economy struggled this past year with the unemployment rate increasing over the prior year from 8.2% in July 2008 to 14.9% in July 2009. Fortunately, the county rate has decreased slightly from the high of 15.6% in March, the highest rate since 1975.

Catawba County remains a retail magnet for the region, capturing 60% of the \$4 billion in retail sales from the four county Metropolitan Statistical Area. Though Catawba County's population ranks 17th largest in North Carolina, its retail sales per capita ranks 10th highest out of 100 counties.

## Economic Development

Through economic development efforts this year, new companies have recognized the availability of the county's skilled workforce and re-located to the area adding new jobs. Sutter Street, a division of Williams Sonoma began construction of a \$2.7 million facility in Hickory that will add 820 jobs to the furniture industry over the next five years.

Convergys Customer Management Group opened a \$4 million call center in a former Joan Fabrics building creating 600 new jobs. The center is providing technical support and customer service for Fortune 500 clients and leaders in the telecommunications industry.

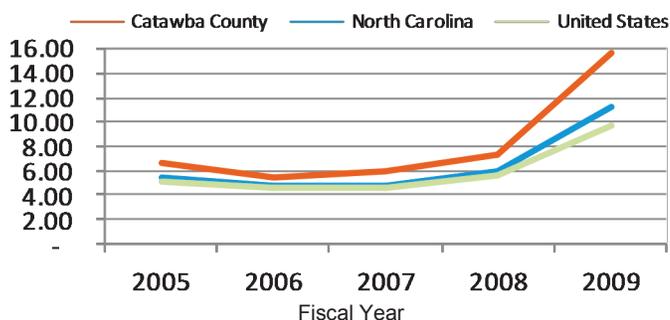


In June 2009, a new Target distribution center opened in Newton, providing more than 500 new jobs. The \$90 million facility is the largest distribution facility in the Charlotte region at 1.5 million square feet.

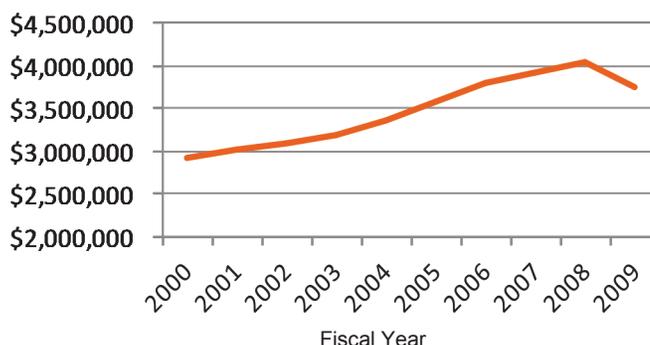


Photos courtesy: Lee Yount

## Unemployment Rate



## Catawba County Retail Sales (in millions)



Finally, all of the combined economic development efforts of local and state officials paid off with the announcement that Apple, Inc., will invest \$1 billion in Maiden toward a data center project. The project will create 50 new jobs and 250 related jobs upon its completion along with 750 local jobs during construction.

## Education

The County has invested in its educational future by continuing to support initiatives designed to improve the educational attainment in the region. During the current fiscal year, the



Photo courtesy: Economic Development Corporation

Hickory Metro Higher Education Center changed its name to Appalachian State University (ASU) Center at Hickory creating a new partnership of ASU, Catawba Valley Community College, Caldwell Community College and Western Piedmont Community College to expand degree offerings in the region.

A similar endeavor was the creation of a new Engineering Technology Center, part of Western Carolina University's engineering technology degree program.

It is currently offering undergraduate degree programs through part-time evening study.

### Sustainability & Green Initiatives

This summer, news crews from CNN embarked on the County's landfill to see the EcoComplex, a Regional Biosolids Processing Facility. The complex is designed to improve the ecology of Catawba County and promote economic development by attracting jobs in the green energy, agricultural and environmental sectors. Currently, two businesses are located at the facility producing wood products.



Photos courtesy: Utilities and Engineering

Also, the County is partnering with Appalachian State University for a biodiesel research facility to be located in the EcoComplex using the electricity and heat generated at the facility. The facility will provide testing and research for biodiesel manufacturers in western NC as well as producing biodiesel from agricultural crops at the landfill and surrounding farms. This will be the first facility of its kind in the state and will meet Leadership in Energy and Environmental Design (LEED) standards.

Ranked in the top five counties within North Carolina for recycled materials per capita for the last six years and ranked second for the past two years, Catawba County was the first County in NC to provide curbside recycling countywide.



### Medical

The County is also a major medical hub with a prospering medical and health care community, with two large medical centers, one county-owned and both profitable.

In 2008, Frye Regional Medical Center received a Distinguished Hospital award from J.D. Power and Associates. It was the only hospital in the State to win the award three times for providing an outstanding inpatient experience to its visitors.

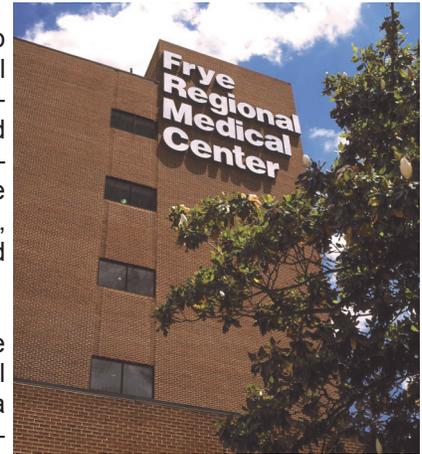


Photo courtesy: Economic Development Corporation



Catawba Valley Medical Center, a county owned facility, embarked on the first phase of its expansion with a \$25 million renovation of its surgical suite, creating three new operating rooms and renovating the others with new technology. The project was financed with bonds from the American Recovery and Reinvestment Act which gave a 35% - 45% tax credit on the interest payable over the life of the loan.

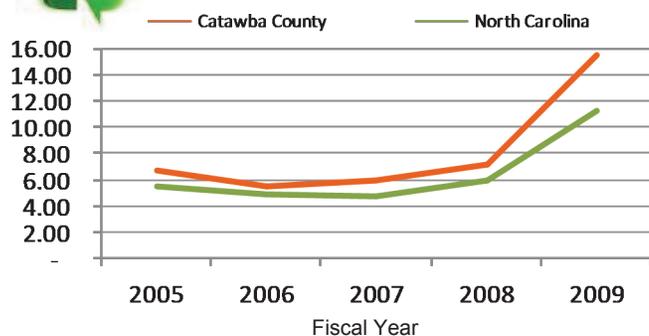
Future plans include a new central energy plant and tower addition estimated at \$45 million.



Photo courtesy: Economic Development Corporation



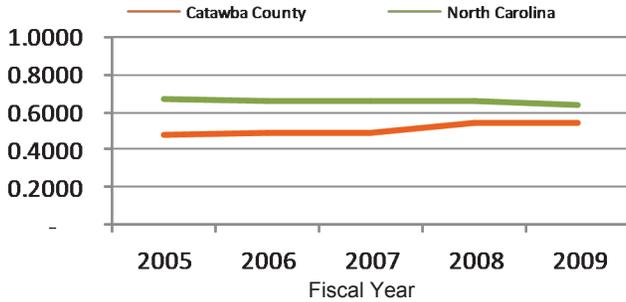
### Per Capita Recycling



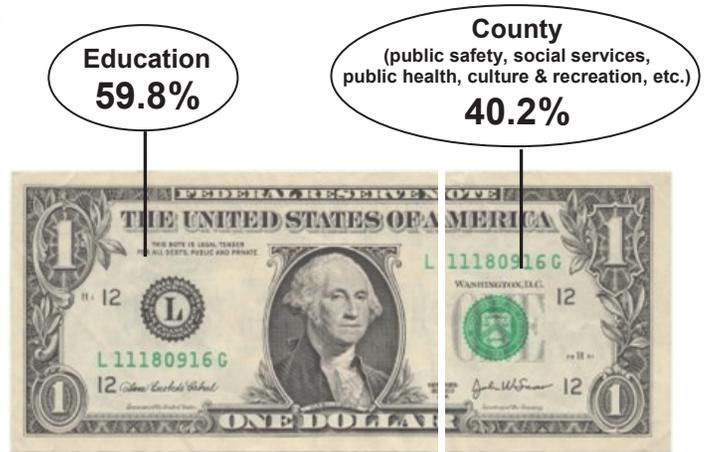
# PROPERTY TAXES

The property tax rate remained at \$0.535 per \$100 of valuation, which was the 7th lowest tax rate of the 25 urban counties—those with a population over 100,000 – and the 28th lowest of all 100 counties in North Carolina.

**Property Tax Rates**



## Where did my taxes go?



# COUNTY FINANCIALS (Revenues)

## Revenue Sources

The statement of activities reports revenue by source using government-wide reporting standards. To assist the reader in understanding what makes up the various sources referenced, we have provided the following detailed listing.



Photo courtesy: Economic Development Corporation

## General Revenues

Property taxes, sales and use taxes and investment income.

## Program Revenues

### Charges for Services

Assessment and tax collection fees, auditing and accounting fees, communication services, legal services, planning and engineering services, animal control fees, law enforcement services, recording fees, health fees, business licenses, construction permits, zoning permits, other licenses and permits, fines and forfeitures, penalties on delinquent taxes, tax garnishment fees and election, cable franchise, parks and library fees.

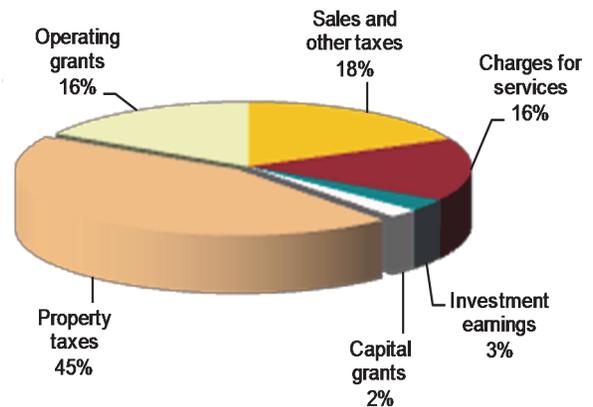
### Operating Grants

State, federal, other government and private contributions to fund specific programs.

## Capital Grants

State, federal, other government and private contributions to fund capital purchases for specific programs.

**2009 Revenues by Source (General & Program Revenues)**



## Where the Money Comes From:

Property Taxes	84,738,225
Sales and other Taxes	34,133,835
Operating Grants	31,358,010
Charges for Services	29,791,282
Investment Earnings	5,723,847
Capital Grants	4,208,672

# COUNTY FINANCIALS (Expenditures)

## Expenditures and Services Provided

The County incurs a number of expenditures to provide a variety of quality services to its citizens. The following list provides details to define what County departments are included in each of the functional categories listed in the statement of activities.

## Expenditures by Function

### Education

Catawba County Schools, Newton-Conover Schools, Hickory City Schools and Catawba Valley Community College.



Photo courtesy: Economic Development Corporation

### Human Services

Social Services, Public Health, Mental Health and

Medical Examiner.

### Public Safety

Sheriff, Emergency Services, Fire/Rescue Services, Veterans Services, Animal Control, E911 Communication Center.



Photo courtesy: Emergency Management Services

### Economic Development & Planning

Planning & Zoning, County Parks, Utilities & Engineering and Facilities.

### General Government

County Manager, Board of Commissioners, Legal Services, Budget, Tax Assessor, Tax Collector, Board of Elections, Human Resources, Self Insurance, Register of Deeds, Finance, Purchasing.



Photo courtesy: Amanda Kain

### Solid Waste Management

Blackburn Landfill, Recycling, Convenience Centers, Household Hazardous Waste and Methane Recovery.

### Water and Sewer

Water and sewer management.

### Culture and Recreation

County Library and other cultural activities.

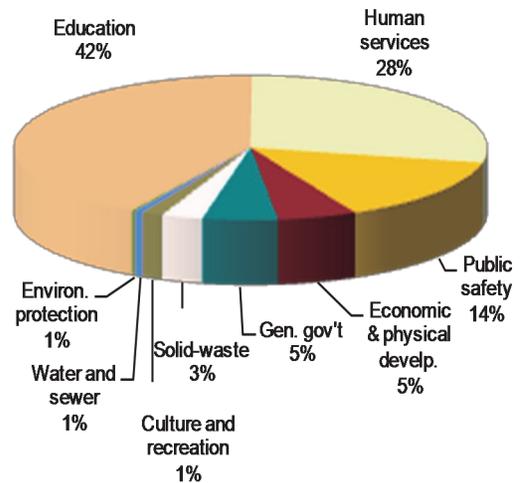


Photo courtesy: Blair Rayfield

### Environmental Protection

Cooperative Extension, Soil & Water Conservation and Forest Ranger.

## 2009 Expenditures by Function



## Where the Money Goes:

Education . . . . .	82,962,731
Human Services . . . . .	56,066,282
Public Safety . . . . .	28,594,583
Economic & Physical Development . . . . .	10,743,831
General Government . . . . .	10,172,611
Solid Waste Management . . . . .	5,570,927
Culture & Recreation . . . . .	2,830,192
Water & Sewer . . . . .	1,118,908
Environmental Protection . . . . .	539,138

# COUNTY FINANCIALS (Government-wide Financial Statements)

## Statement of Activities Primary Government

	2009	2008	Change
<b>REVENUES:</b>			
Program revenues:			
Charges for services	\$ 29,791,282	\$ 33,503,877	\$(3,712,595)
Operating grants	31,358,010	47,040,701	(15,682,691)
Capital grants	4,208,672	5,006,175	(797,503)
General revenues:			
Property taxes	84,738,225	82,048,071	2,690,154
Sales and other taxes	34,133,835	37,647,391	(3,513,556)
Investment earnings	5,723,847	6,648,042	(924,195)
<b>Total revenues</b>	<b>189,953,871</b>	<b>211,894,257</b>	<b>(21,940,386)</b>
<b>EXPENSES:</b>			
General government	10,172,611	11,203,800	(1,031,189)
Public safety	28,263,640	26,316,167	1,947,473
Environmental protection	539,138	546,680	(7,542)
Economic and physical development	10,743,831	10,827,271	(83,440)
Human services	56,066,282	74,150,353	(18,084,071)
Cultural and recreation	2,830,192	2,760,614	69,578
Education	78,130,574	50,388,730	27,741,844
Interest on long-term debt	5,163,100	4,584,583	578,517
Solid waste management	5,570,927	8,172,432	(2,601,505)
Water and sewer	1,118,908	-	1,118,908
<b>Total expense</b>	<b>198,599,203</b>	<b>188,950,630</b>	<b>9,648,573</b>
<b>Change in net assets</b>	<b>(8,645,332)</b>	<b>22,943,627</b>	<b>(31,588,959)</b>
<b>Net Assets, Beginning of Year</b>	<b>149,303,983</b>	<b>126,360,356</b>	<b>22,943,627</b>
<b>Net Assets, End of Year</b>	<b>\$140,658,651</b>	<b>\$149,303,983</b>	<b>\$(8,645,332)</b>

Government-wide financial statements provide financial information about the County as a whole. These statements distinguish between two types: governmental and business-type activities. Governmental activities generally are financed through taxes and other general revenue sources while business-type activities are financed in whole or in part by fees charged to external parties for the services provided.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected taxes or expenditures pertaining to earned but unused vacation and sick leave).

Looking at the Statement of Activities at the left, the most significant variances in revenues were: decrease in operating grants due to State and Federal sources with Mental Health services no longer a county responsibility; decrease in sales and other taxes with the State taking part of the local sales tax in exchange for assuming Medicaid cost; and finally a decrease in investment earnings as a result of the economic downturn.

The most significant variances in expenditures on the Statement of Activities are: decrease in human services a result of the State Mental Health reform mentioned above and the State assuming Medicaid cost; increase in education for the construction and renovation of public schools; and increase in public safety as a result of operating expense for the new jail expansion.

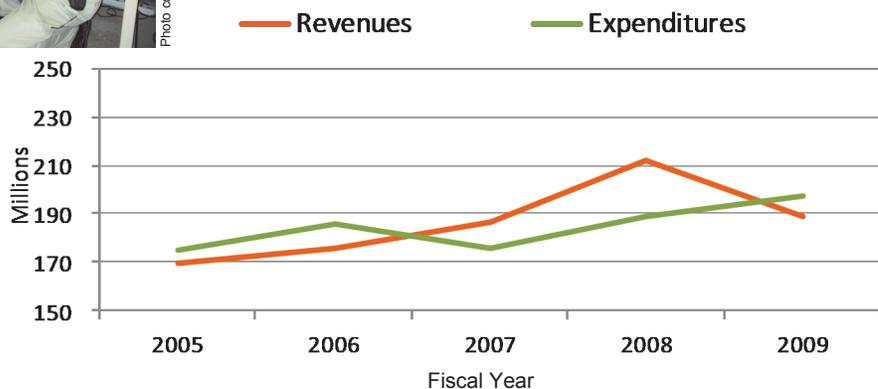


Photo courtesy: Marcia Hardy



Photo courtesy: Lee Yount

### Revenues and Expenditures - 5 year trend



# COUNTY FINANCIALS (Government-wide Financial Statements)

## Statement of Net Assets Primary Government

	2009	2008	Change
<b>ASSETS:</b>			
Cash and investments	\$ 131,247,707	\$ 119,425,323	\$11,822,384
Taxes receivable, net	3,775,362	3,162,690	612,672
Due from other governments	15,339,191	20,202,752	(4,863,561)
Notes receivable	572,073	721,092	(149,019)
Other receivables	3,485,759	4,314,651	(828,892)
Interest receivable	731,910	739,138	(7,228)
Inventories	357,355	411,233	(53,878)
Prepaid items	16,526	9,965	6,561
Deferred charges	565,633	661,233	(95,600)
Restricted cash and investment	10,647,368	28,568,703	(17,921,335)
Capital assets			
Depreciable assets, net	71,637,904	72,812,018	(1,174,114)
Nondepreciable assets	57,878,326	45,857,651	12,020,675
Net investment in joint venture	1,049,731	760,149	289,582
<b>Total assets</b>	<u>297,304,845</u>	<u>297,646,598</u>	<u>(341,753)</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	8,820,832	10,771,858	(1,951,026)
Unearned revenues	3,092,353	3,007,782	84,571
Long-term liabilities			
Due within one year	16,867,343	14,992,526	1,874,817
Due in more than one year	127,865,666	119,570,449	8,295,217
<b>Total liabilities</b>	<u>156,646,194</u>	<u>148,342,615</u>	<u>8,303,579</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	111,096,681	104,070,087	7,026,594
Restricted for:			
Public Safety	1,049,731	760,149	289,582
Register of Deeds	39,458	50,450	(10,992)
Unrestricted	28,472,781	44,423,297	(15,950,516)
<b>Total net assets</b>	<u>\$ 140,658,651</u>	<u>\$ 149,303,983</u>	<u>\$ (8,645,332)</u>

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, an increase or decrease in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The County's total net assets decreased (\$8,645,332) for the fiscal year ended June 30, 2009. Below are the three components of net assets and their respective fiscal year-end balances.

Invested in capital assets, net of related debt, represents \$111,096,681 of the County's total net assets for fiscal year 2009. This consists of land, buildings, improvements other than buildings, machinery, equipment, vehicles and construction in progress, net of accumulated depreciation, and reduced by any debt attributable to the acquisition, construction, or improvement of the assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets account for \$1,089,189 of the County's total net assets for fiscal year 2009. This component of net assets represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Unrestricted net assets account for \$28,472,781 of the County's total net assets for fiscal year 2009. This component of the County's total net assets may be used to meet the County's ongoing obligations to citizens and creditors.



Photo courtesy: Jeanne Jarrett



# CAPITAL ASSETS & LONG-TERM LIABILITIES

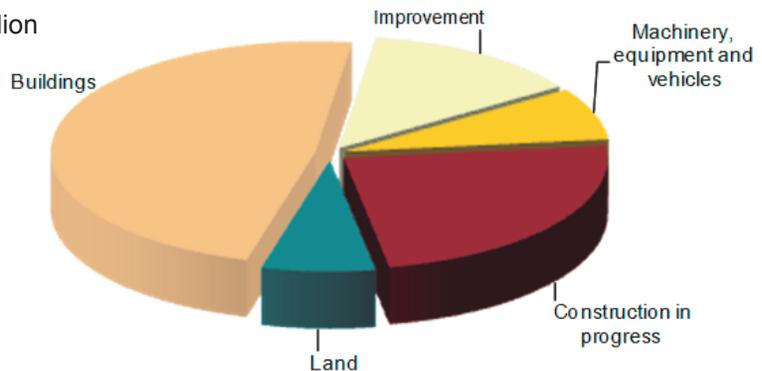
## Capital Assets

As of June 30, 2009, the County's capital assets for both its governmental and business-type activities amounted to \$71,637,904 in depreciable assets (net of depreciation) and \$57,878,326 in nondepreciable assets. The capital assets include land, buildings, improvements other than buildings, machinery, equipment, vehicles and construction in progress.

Major projects in progress or completed in fiscal year 2009 included the following:

- Renovations of five High Schools—\$30 million  
(Bandys, Bunker Hill, Fred T. Foard, Hickory High, Newton-Conover High)
- Snow Creek Elementary—\$12 million
- School buses—\$2.5 million
- SECC Wastewater—\$8.2 million
- SECC Water Supply Loop—\$9.2 million
- Regional Biosolids—\$1.2 million

**Capital Assets, net of depreciation 2009**

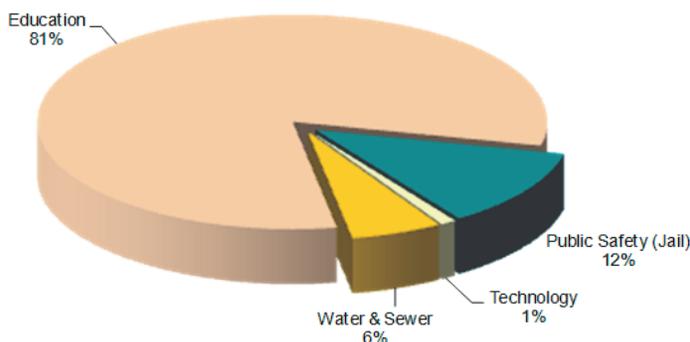


## Long-term Liabilities

As of June 30, 2009, the County's long-term liabilities for its governmental and business-type activities amounted to \$156,646,194, which includes long-term debt, compensated absences, other post-employment benefits and future landfill closure costs.

Outstanding long-term debt of \$130,663,312 consists of bonds, installment purchases, certificates of participation and capitalized leases. The outstanding debt obligations consist of the following purposes: Education (81%), Jail Expansion (12%), Water and Sewer Projects (6%), and Technology (1%).

## Uses of Outstanding Debt 2009

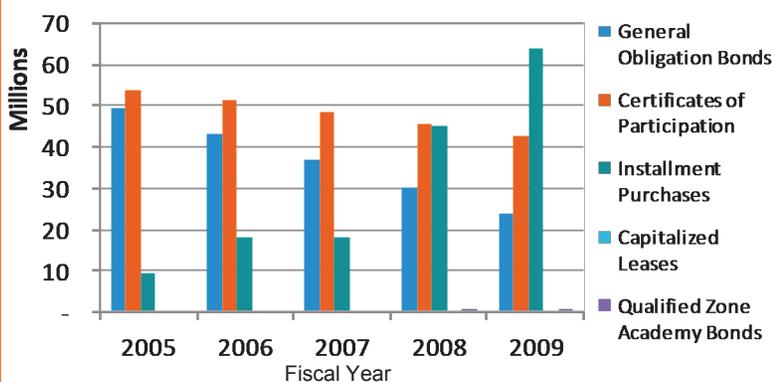


## Credit Ratings Maintained by the County

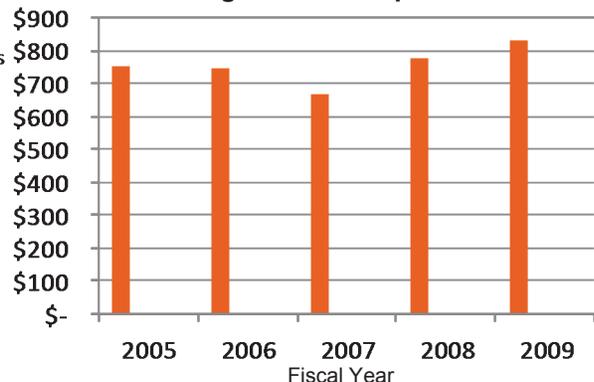
Moody's Investors Service, Inc.	Standards & Poors Corp.
Aa2	AA

**2009 debt per capita:  
\$832**

## Outstanding Debt 2005-2009



## Outstanding Debt Per Capita 2005-2009



# Directory of Officials

## Board of Commissioners

Kitty W. Barnes, Chair  
Lynn Mull Lail, Vice-Chair  
Barbara G. Beatty  
Glenn E. Barger  
Dan A. Hunsucker

## County Manager

Tom Lundy

## Assistant County Managers

Lee Worsley  
Dewey Harris

## County Clerk

Barbara Morris

## County Attorneys

Debra Bechtel  
Anne Marie Pease  
Tara Sain

## Finance Director

Rodney Miller



**Catawba County**  
100A SW Boulevard  
Newton, NC 28658  
(828) 465-8200

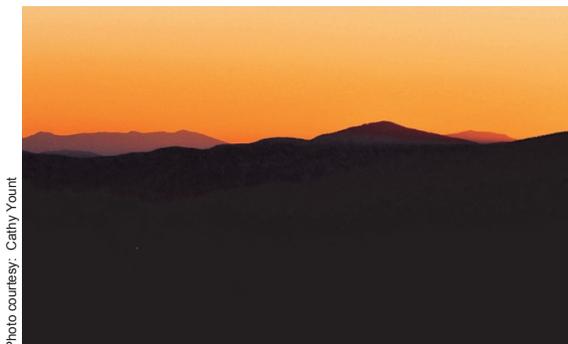


Photo courtesy: Cathy Yount

# For More Information

Visit Catawba County's Official Website [www.catawbacountync.gov](http://www.catawbacountync.gov)



The County's Website is your source for information about County policies, services and events 24 hours a day, seven days a week. Log on to [www.catawbacountync.gov](http://www.catawbacountync.gov) and find information on employment opportunities, community events, Board of Commissioner agendas, meeting schedules, operating hours, tax information and much more.

Residents can also take advantage of many online services:

- Pay a tax bill
- Search the County library catalog
- Pay permit fee
- Sign up for e-news
- Subscribe to the County newsletter
- Review your property information
- Sign up for community alert system
- Use the online deed search
- Find the County on Facebook
- Follow Catawba County on Twitter
- Sign up for RSS feeds
- Access County forms...and more!



## Finance Department

For more information on financial matters of Catawba County, please call the Finance Department at (828) 465-8210.

PREPARED BY CATAWBA COUNTY  
FINANCE DEPARTMENT

**Rodney N. Miller** FINANCE DIRECTOR