



Catawba County,
North Carolina

Annual Financial Highlights

FISCAL YEAR 2009-10

2010

Canola Crop at Eco Complex for Biodiesel



*Snow Creek Elementary—
Catawba County's first LEED certified school*



Hybrid Vehicle



*Catawba County
ranks 2nd in the State in recycling*



Keeping the Spirit Alive Since 1842!

CATAWBA COUNTY GOVERNMENT

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.



Catawba County Board of Commissioners

From left to right: Barbara G. Beatty, Glenn E. Barger, Katherine W. "Kitty" Barnes - Chair, Dan A. Hunsucker, Lynn M. Lail - Vice Chair

Citizens of Catawba County:

We are proud to present the Catawba County Financial Highlights for fiscal year 2009-2010.

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, 2010.

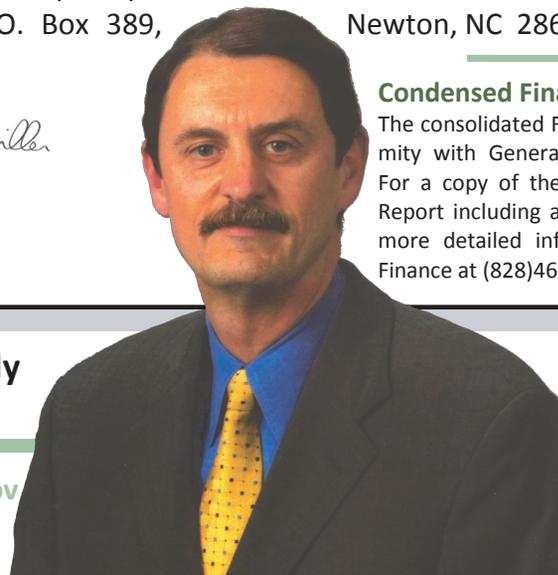
Most of the information in this report is drawn from the financial information appearing in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The CAFR is a more detailed and complete financial presentation prepared in accordance with Generally Accepted Accounting 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/.

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



J. Thomas Lundy



Rodney N. Miller

Condensed Financial Statement

The consolidated Financial Statements are presented in conformity with Generally Accepted Accounting Principles (GAAP). For a copy of the full 2010 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

2009 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, 2009. 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. Catawba County has received this award for the last two consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

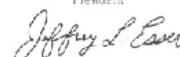
Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Catawba County
North Carolina**

for the Fiscal Year Ended
June 30, 2009




President

Executive Director

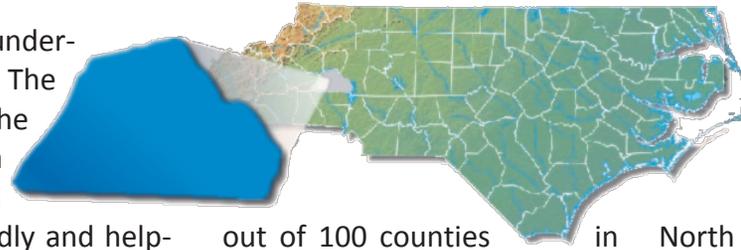
ABOUT CATAWBA COUNTY

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.

Early Catawbans were either refugees or descendants of refugees from European political strife. Most were German and Scotch-Irish, who initially settled in Pennsylvania and migrated to the south when converging factors

of crowding and under-employment evolved. The County is named for the river and the Catawba Indians who foraged in the valley and were friendly and helpful to the first settlers who arrived in 1747.

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 159,013, ranking 16th

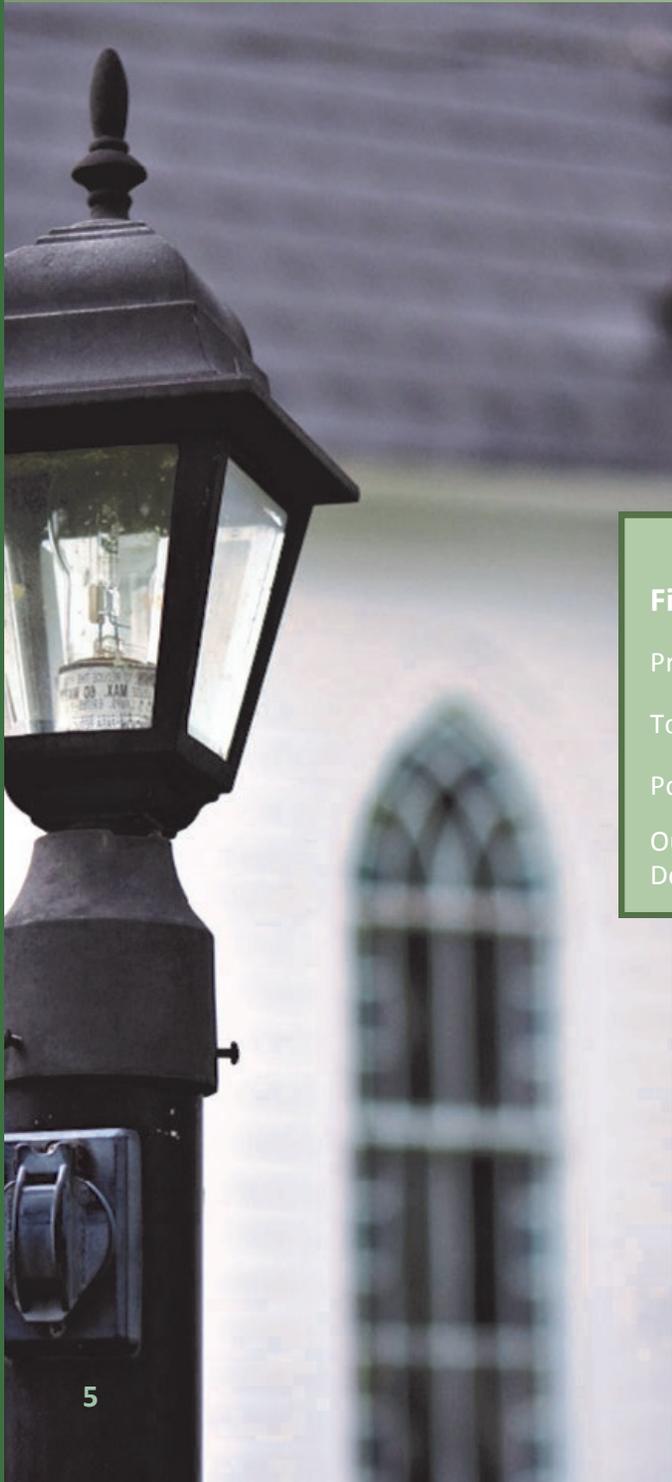


out of 100 counties in North Carolina.

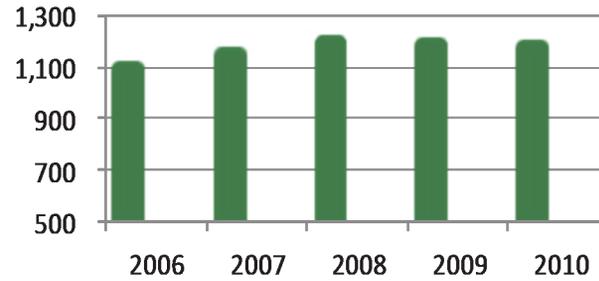
Catawba County has it all—beautiful climate with four seasons that are distinct as they are mild, challenging places to work, low cost of living, vast array of recreational opportunities, arts and culture and an unparalleled lifestyle. It is an ideal place to live, work, play, raise a family and retire.



CATAWBA COUNTY AT A GLANCE



Full Time County Employees 2006-2010



Catawba County Principal Employers

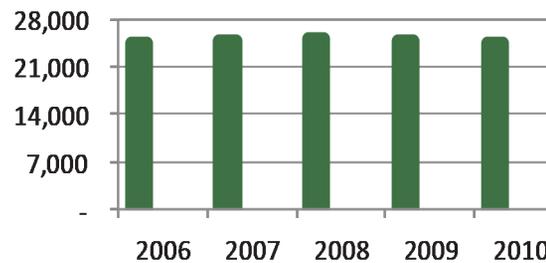
- 1 Catawba County Schools
- 2 Frye Regional Medical Center
- 3 Catawba Valley Medical Center
- 4 CommScope, Inc.
- 5 Catawba County Government
- 6 Pierre Foods
- 7 Hickory Springs Manufacturing
- 8 Corning Cable Systems
- 9 Ethan Allen, Inc.
- 10 Sherrill Furniture Company

Catawba County

Fiscal Year	2001	2010
Property Tax	\$0.495	\$0.535
Total Budget	\$184.9m	\$248.6m
Population	141,686	159,013
Outstanding Debt	\$77.3m	\$117m



School Enrollment 2006-2010

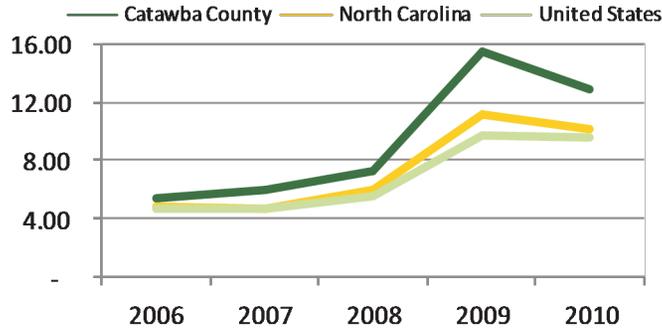


ECONOMIC OVERVIEW

Local Economy

After facing the longest U.S. recession in decades, which officially ended in June

Unemployment Rate 2006-2010



2009, the region's economy struggled to recover this past year. The unemployment rate decreased over the past year from 14.9% in July 2009 to 12.6% in July 2010. Fortunately, the county rate continues to decrease from its peak of 15.6% in March 2009, 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 16th largest in North Carolina, its retail sales per capita ranks 10th highest out of 100 counties.

Economic Development

In spite of the hardship that some employers have faced in the county, a surplus of available skilled workers and vacant buildings once occupied by prospering county businesses have provided opportunities for existing companies to expand their operations.

Ethan Allan announced a \$2.25 million expansion to its existing facility, transferring 300 jobs from a leased facility in California to Maiden.

Paramount Automotive Group, which owns Kia and Hyundai dealerships in Hickory, announced it was purchasing the Porsche, Volvo and Volkswagen franchises previously owned by Hickory Auto Group, which filed for bankruptcy in 2008. Paramount plans to make a \$5 million investment into a new facility, adding the Mazda franchise that was bought in the summer of 2009.

In April, Pierre Foods, maker and distributor of frozen sandwiches, announced a \$16.8 million expansion to their existing facility in Claremont, adding 500 jobs to their current workforce of 700, over the next three years.





Another economic development initiative in the county is the Ensure Classic, a PGA Tour's Champions Tour golf event held in Conover since 2003 that receives support from the business community and local governments, including the County.

This year, the tournament acquired its first title sponsor, Ensure, which will hopefully continue its success along with the economic benefit to the County, estimated to be \$15 million. In September, the event included its strongest field ever, increasing attendance and sales, in addition to being broadcast on the Golf Channel that is available in 120 million homes worldwide.



Finally, the largest economic development project in the history of the County was announced this past year. Apple, Inc. committed to an investment of \$1 billion in Maiden to construct a data center in a 500,000 s.f. facility. The project will create 50 new jobs and 250 related jobs upon completion of

phase one later this year. The 183-acre site had been marketed as a multi-jurisdictional

park to attract a data center similar to the \$600 million Google, Inc. complex in an adjacent county, with large amounts of power and water available. The location of these two large economic development projects has assisted economic development efforts in marketing the region as a data center corridor, with low-cost and available power and water, favorable labor conditions, abundance of fiber optics infrastructure, easy access to major airports and a high quality of life.

Education

The County has invested in its educational future by continuing to support higher



education initiatives in the region. Appalachian State University (ASU) Center at Hickory, a partnership consisting of ASU, Catawba Valley Community College (CVCC), Caldwell Community College and Western Piedmont Community College continues to expand degree offerings in the region. It added four new bachelor degree programs in communications, psychology, criminal justice and business administration, which have further assisted local residents with their higher education needs including more than 600 adults who have completed degree or licensure programs at the center since opening.



A similar endeavor was the creation of a new NC Center for Engineering Technologies, which provides facilities for applied research in engineering related fields and serves as a conduit to baccalaureate education delivered by University of North Carolina system schools. The primary schools involved in the center are Appalachian State University, Western Carolina University, University of North Carolina – Charlotte, Catawba Valley Community College, Caldwell County Community College and Technical Institute, and Western Piedmont Community College. The Center collaborates with other schools in bringing the best programs to the region to meet employment needs.



The county received some national and state exposure last year. News crews from CNN visited the County's landfill to tour 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 environ-

mental sectors. Currently, two businesses are located at the facility producing wood products.

Also, the County is partnering with Appalachian State University, who received a grant from the Golden LEAF Foundation to build a bio-

diesel research facility 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.



Medical

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

Catawba Valley Medical Center, a county-owned facility, was granted its third consecutive Magnet designation from the American Nurses Credentialing Center earlier this year, becoming one

of only 30 hospitals in the nation to receive the designation three times. The Magnet program recognizes health care organizations that provide the very best in nursing care and professionalism in nursing practice, resulting in the gold standard for nursing excellence.

In addition, Catawba Valley Medical Center is currently in the first phase of a \$25 million expansion and renovation of its surgical suite, creating three new operating rooms and renovating the others with new technology. The project was financed with bonds offered through the American Recovery and Reinvestment Act.

In June of this year, Frye Regional Medical Center was identified as a recipient of the 2010 HealthGrades Patient Safety Excellence

Award™, indicating that its patient safety ratings were in the top 5% of U.S. hospitals, in a study released by HealthGrades. They were one of only 238 hospitals in the country to receive this designation.

In addition, Frye Regional Medical Center received the 2010 Distinguished Hospital award from J.D. Power and Associates, a global marketing information services firm.

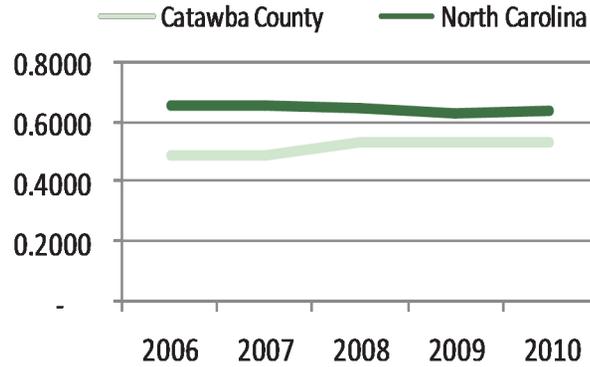
It has now won the award four times (2005, 2006, 2008 & 2010) for providing an outstanding inpatient experience and service excellence to its visitors.



PROPERTY TAXES

The property tax rate remained at \$0.535 per \$100 of valuation, which was the 8th lowest tax rate of the 25 urban counties—those with a population over 100,000 – and the 31st lowest of all 100 counties in North Carolina.

Property Tax Rate 2006-2010



How were my taxes spent?

County
(public safety, social services,
public health, culture & recreation, etc.)
47.1%

Education
52.9%



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.

Where the Money Comes From:

Property Taxes	84,763,108
Operating Grants	32,845,040
Charges for Services	28,342,360
Sales and other Taxes	28,245,964
Capital Grants	3,426,963
Investment Earnings	3,043,644

General Revenues

Property taxes, sales and use taxes and investment earnings.

Program Revenues

Operating Grants

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

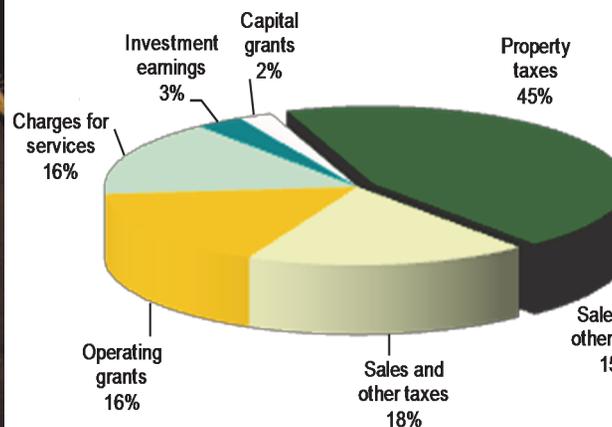
Charges for Services

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, parks, library and solid-waste fees.

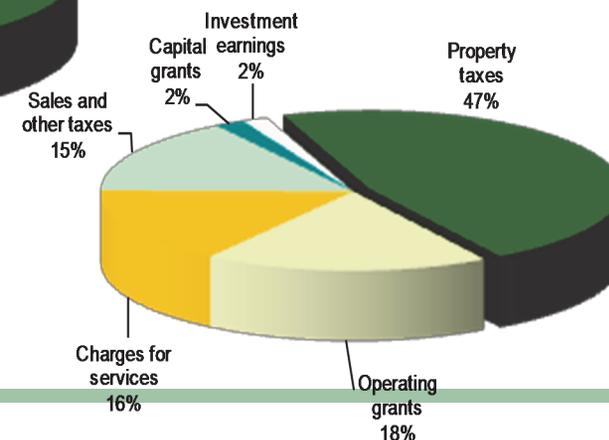
Capital Grants

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

2009 Revenues by Source (General & Program Revenues)



2010 Revenues by Source (General & Program Revenues)



COUNTY FINANCIALS (Expenses)

Expenses/Services Provided

The County incurs a number of expenses 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.

Expenses by Function

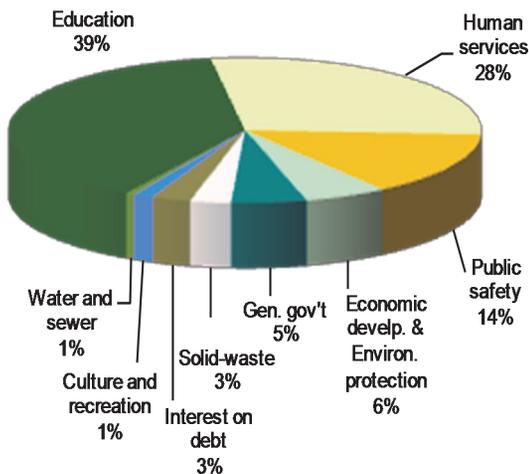
Education

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

Human Services

Social Services, Public Health, Mental Health and Medical Examiner.

2009 Expenses by Function



Public Safety

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

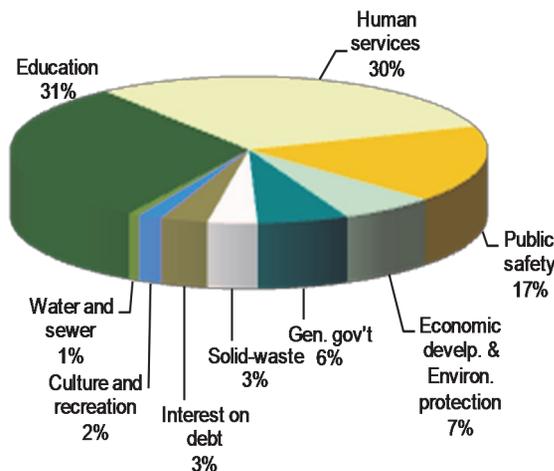
Economic Development & Planning

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

Environmental Protection

Cooperative Extension, Soil & Water Conservation and Forest Ranger.

2010 Expenses by Function



Where the Money was Spent:

Education	53,825,312
Human Services	51,688,459
Public Safety	29,076,572
Economic Develop./Environ. Protection	11,123,239
General Government	10,533,518
Solid Waste Management	5,800,628
Interest on long-term debt	5,411,021
Culture & Recreation	2,830,504
Water & Sewer	1,270,443

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.

Solid Waste Management

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

Culture and Recreation

County Branch Libraries and other cultural activities.

Water and Sewer

Water and sewer management.

COUNTY FINANCIALS (Government-wide Financial Statements)

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

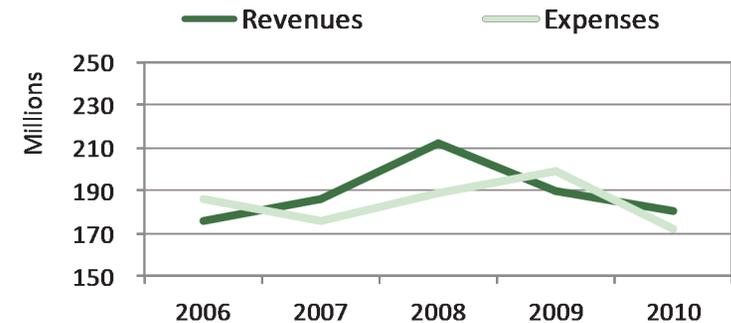
changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (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: a decrease in charges for services as a result of reduced demand for services like building permits during the economic downturn; a 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 also as a result of the economic downturn.

The most significant variances in expenses on the Statement of Activities are: a decrease in human services as the State assumed the remainder of the Medicaid cost from the County; a decrease in education as construction and renovation of several public schools approached completion; and an increase in public safety as a result of operating expense for the new jail expansion.

Revenues and Expenses - 5 year trend



Statement of Activities Primary Government

	2010	2009	Change
REVENUES:			
Program revenues:			
Charges for services	\$ 28,342,360	\$ 29,791,282	\$(1,448,922)
Operating grants	32,845,040	31,358,010	1,487,030
Capital grants	3,426,963	4,208,672	(781,709)
General revenues:			
Property taxes	84,763,108	84,738,225	24,883
Sales and other taxes	28,245,964	34,133,835	(5,887,871)
Investment earnings	3,043,644	5,723,847	(2,680,203)
Total revenues	180,667,079	189,953,871	(9,286,792)
EXPENSES:			
General government	10,533,518	10,172,611	360,907
Public safety	29,076,572	28,263,640	812,932
Environmental protection	495,248	539,138	(43,890)
Economic and physical development	10,627,991	10,743,831	(115,840)
Human services	51,688,459	56,066,282	(4,377,823)
Cultural and recreation	2,830,504	2,830,192	312
Education	53,825,312	78,130,574	(24,305,262)
Interest on long-term debt	5,411,021	5,163,100	247,921
Solid waste management	5,800,628	5,570,927	229,701
Water and sewer	1,270,443	1,118,908	151,535
Total expense	171,559,696	198,599,203	(27,039,507)
Change in net assets	9,107,383	(8,645,332)	17,752,715
Net Assets, Beginning of Year	140,658,651	149,303,983	(8,645,332)
Net Assets, End of Year	\$ 149,766,034	\$ 140,658,651	\$ 9,107,383

COUNTY FINANCIALS (Government-wide Financial Statements)

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 increased \$9,107,383 for the fiscal year ended June 30, 2010. Below are the three components of net assets and their respective fiscal year-end balances.

Invested in capital assets, net of related debt, represents \$114,450,147 of the County's total net assets for fiscal year 2010. 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 as-

sets 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 \$1,333,074 of the County's total net assets for fiscal year 2010. 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 \$33,938,649 of the County's total net assets for fiscal year 2010. This component of the County's total net assets may be used to meet the County's ongoing obligations to citizens and creditors.

Statement of Net Assets Primary Government

	2010	2009	Change
ASSETS:			
Cash and investments	\$ 133,502,365	\$ 131,247,707	\$ 2,254,658
Taxes receivable, net	3,840,864	3,775,362	65,502
Due from other governments	14,861,888	15,339,191	(477,303)
Notes receivable	446,261	572,073	(125,812)
Other receivables	3,172,536	3,485,759	(313,223)
Interest receivable	860,525	731,910	128,615
Inventories	351,335	357,355	(6,020)
Prepaid items	44,899	16,526	28,373
Deferred charges	470,033	565,633	(95,600)
Restricted cash and investment	2,325,316	10,647,368	(8,322,052)
Capital assets			
Depreciable assets, net	96,629,986	71,637,904	24,992,082
Nondepreciable assets	37,162,028	57,878,326	(20,716,298)
Net investment in joint venture	1,333,074	1,049,731	283,343
Total assets	<u>295,001,110</u>	<u>297,304,845</u>	<u>(2,303,735)</u>
LIABILITIES:			
Accounts payable and accrued liabilities	9,597,961	8,820,832	777,129
Unearned revenues	2,683,247	3,092,353	(409,106)
Long-term liabilities			
Due within one year	15,781,738	16,867,343	(1,085,605)
Due in more than one year	117,172,130	127,865,666	(10,693,536)
Total liabilities	<u>145,235,076</u>	<u>156,646,194</u>	<u>(11,411,118)</u>
NET ASSETS:			
Invested in capital assets, net of related debt	114,450,147	111,096,681	3,353,466
Restricted for:			
Public Safety	1,333,074	1,049,731	283,343
Register of Deeds	44,163	39,458	4,705
Unrestricted	33,938,650	28,472,781	5,465,869
Total net assets	<u>\$ 149,766,034</u>	<u>\$ 140,658,651</u>	<u>\$ 9,107,383</u>

CAPITAL ASSETS

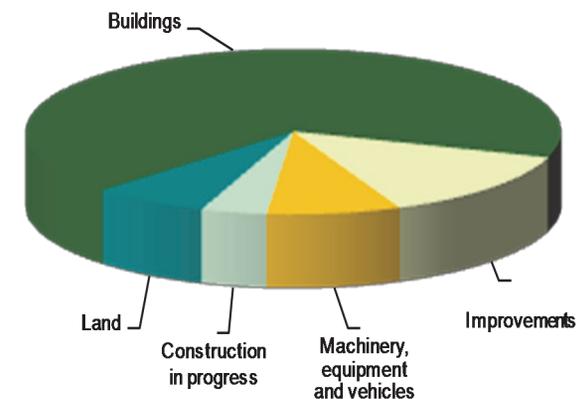


As of June 30, 2010, the County's capital assets for both its governmental and business-type activities amounted to \$96,629,986 in depreciable assets (net of depreciation) and \$37,162,028 in nondepreciable assets. The capital assets include land, buildings, improvements other than buildings, machinery, equipment, vehicles and construction in progress.

Major projects in progress or completed in fiscal year 2010 included the following:

- Renovations of five High Schools—\$30 million (Bandys, Bunker Hill, Fred T. Foard, Hickory, Newton-Conover)
- Snow Creek Elementary—\$12 million
- Renovations of Arndt Middle School—\$5.2 million
- Construction of new Newton-Conover Middle School—\$20.8 million
- Renovations of Catawba Valley Community College—\$3 million
- SECC Wastewater—\$8.2 million
- SECC Water Supply Loop—\$9.2 million
- Blackburn/Plateau Water—\$3.8 million
- Hwy 150 Water & Sewer Service—\$9.7 million
- Regional Biosolids—\$1.2 million

Capital Assets, net of depreciation 2010



LONG-TERM LIABILITIES & DEBT

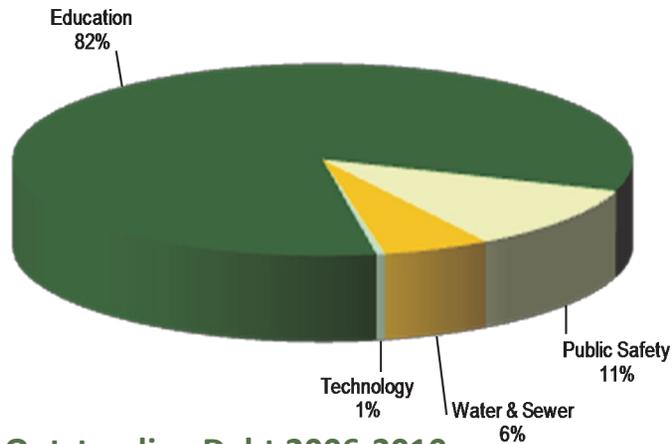
As of June 30, 2010, the County's long-term liabilities for its governmental and business-type activities amounted to \$132,953,868, which includes long-term debt, compensated absences, other post-employment benefits and future landfill closure costs.

Credit Ratings Maintained by the County

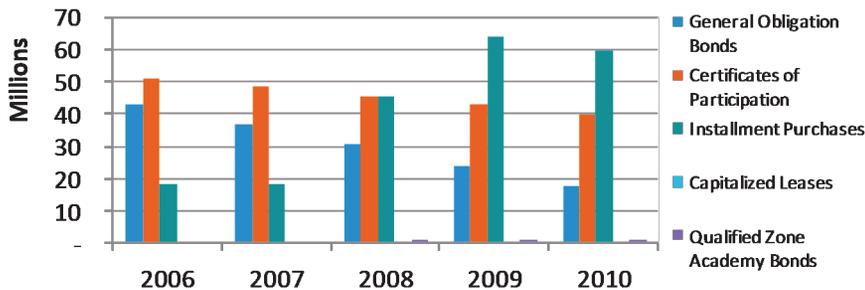
Moody's Investors Service, Inc.	Standards & Poors Corp.
Aa2	AA

Outstanding long-term debt of \$117,002,355 consists of bonds, installment purchases, certificates of participation and capitalized leases. The outstanding debt obligations consist of the following purposes: Education (82%), Public Safety Jail Expansion (11%), Water and Sewer Projects (6%), and Technology (1%).

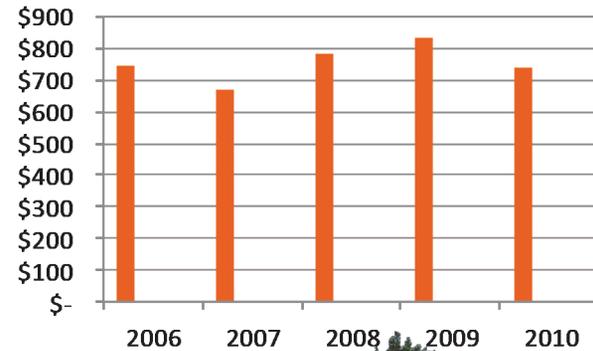
Uses of Outstanding Debt 2010



Outstanding Debt 2006-2010



Outstanding Debt Per Capita 2006-2010



FOR MORE INFORMATION

Directory of Officials

Board of Commissioners

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

County Manager

Tom Lundy

Assistant County Managers

Dewey Harris
Lee Worsley

County Clerk

Barbara Morris

Finance Director

Rodney Miller



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

Visit Catawba County's Official Website 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 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.

