

# 2011

# Annual Financial Highlights

*Keeping the  
Spirit Alive  
Since 1842!*



Catawba County  
North Carolina

**For the Fiscal Year Ended  
June 30, 2011**

# CATAWBA COUNTY GOVERNMENT



## Catawba County Board of Commissioners

*Bottom row left to right: Barbara G. Beatty, Katherine W. "Kitty" Barnes - Chair, Lynn M. Lail - Vice Chair. Top row left to right: Dan A. Hunsucker, C. Randall Isenhower.*

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.



Citizens of Catawba County:

We are proud to present the Catawba County Financial Highlights for fiscal year 2010-2011.

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, 2011.

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, 2011. 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.



*J. Thomas Lundy*  
**J. THOMAS LUNDY**  
County Manager



*Rodney N. Miller*  
**RODNEY N. MILLER**  
Finance Director

### Condensed Financial Statement

The consolidated Financial Statements are presented in conformity with Generally Accepted Accounting Principles (GAAP). For a copy of the full 2011 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)

# 2010 FINANCIAL HIGHLIGHTS AWARD

## Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

### Catawba County North Carolina

for the Fiscal Year Ended  
June 30, 2010



*Linda C. Danson*  
President  
*Jeffrey L. Esser*  
Executive Director

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, 2010. 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 three consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.



# ABOUT CATAWBA COUNTY



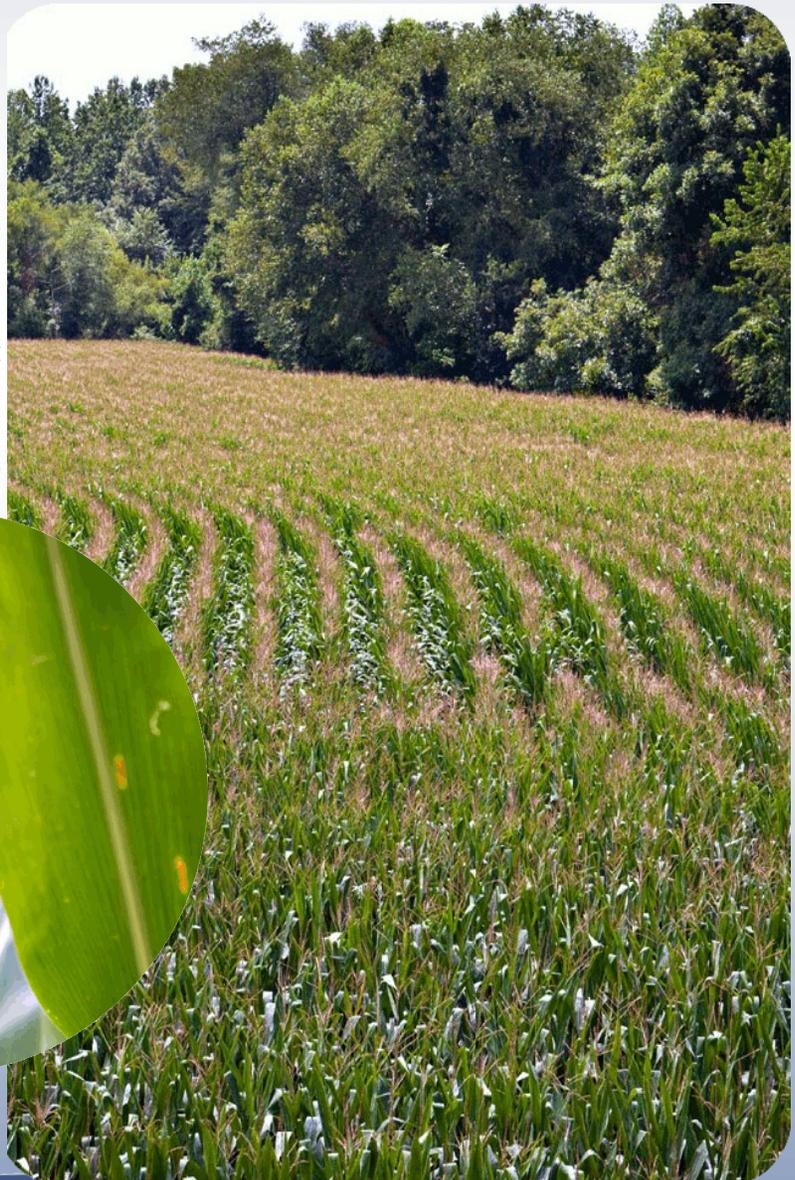
The County has eight cities and towns and a population of 159,125, ranking 17th out of 100 counties in North Carolina.

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 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.

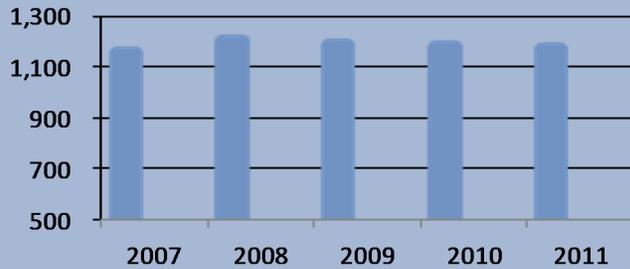
Early Catawbans were either refugees or descendants of refugees from European political strife. Most were German and Scotch-Irish, who initially settled in Pennsylvania and migrated to the south when converging factors of crowding and under-employment evolved. The County is named for the river and the Catawba Indians who foraged in the valley and were friendly and helpful to the first German and Scotch-Irish 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.



# CATAWBA COUNTY AT A GLANCE

## Full Time County Employees 2007-2011



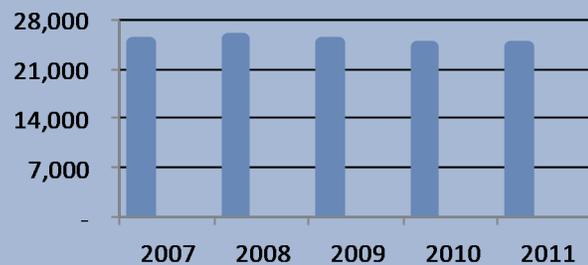
Fiscal Year	2007	2011
Property Tax	\$0.490	\$0.535
Total Budget	\$199.3m	\$202.2m
Population	153,784	159,125
Outstanding Debt	\$102.7m	\$142.1m

## Catawba County Principal Employers

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

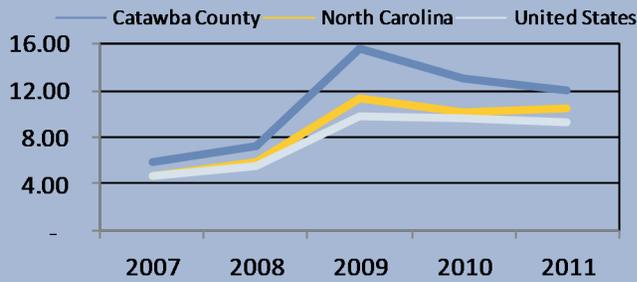


## School Enrollment 2007-2011



# ECONOMIC OVERVIEW

## Unemployment Rate 2007-2011



### Local Economy

Since the national recession officially ended in the U.S. in June 2009, the local economy continues to improve slowly.

The unemployment rate has decreased over the past two years from 14.7% in July 2009 to 12.8% in July 2010 to 12.2% in July 2011. Though the rate has not declined as quickly as hoped, it continues to fall from the 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 17th largest in North Carolina, its retail sales per capita ranks 11th highest out of 100 counties.

### Economic Development

Several companies, from traditional industries to the high-tech sector, have announced significant expansions. Ethan Allen commenced with a \$2.25 million expansion and the transfer of 300 jobs from a facility in California to Maiden.

Paramount Automotive Group announced the purchase of several auto franchises and the planned \$5 million investment into a new facility.

Pierre Foods announced a \$16.8 million expansion to their existing facility in Claremont and the addition of 500 jobs, which will total more than 1,000 employees by the end of 2011.

Also, Turbocoating Corp., an Italian manufacturer of coatings for turbines, announced plans to add 53 jobs and invest \$15 million over the next three years.





Another economic development initiative in the county is the Greater Hickory 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's event occurred in June and was broadcast on the Golf Channel that is available in 120 million homes worldwide and provides an economic benefit to the County of \$15 million.



Finally, Apple, Inc. completed the first phase of the largest economic development project in the history of the County. Apple, Inc. committed to invest \$1 billion in Maiden to construct a data center in a 500,000 square foot facility to house its iCloud suite of services.

The 183-acre site had been marketed as a multi-jurisdictional park to attract a data center similar to the Google, Inc. complex in an adjacent county. The location of these two large economic development projects has assisted economic development efforts in marketing the region as the "NC Data Center

Corridor" a location with favorable labor conditions, abundance of fiber optics infrastructure, easy access to major airports and a high quality of life.

Most recently, Apple, Inc. has begun to develop a 170-acre site adjacent to the current facility for a solar panel farm, which was not part of the original plans for the data center. Home to Apple's only east coast operations facility, Catawba County has benefited from a great deal of exposure with recent articles in USA Today, Sunday Times and upcoming articles in the Washington Post.

### Education

The County has invested in its educational future by continuing to support higher education initiatives in the region. Appalachian State University (ASU) Greater Hickory Partnership was established between ASU and the three community colleges in the Hickory-Lenoir-Morganton region. The partnership coordinates delivery of ASU's off-campus degree programs in four regional centers. During the 2010-2011 academic year, 900 students are ex-



pected to pursue degrees at these four centers.

A similar endeavor was the creation of the NC Center for Engineering Technologies, which focuses on applied research in engineering-related fields and serves as a conduit to baccalaureate education delivered by University of North Carolina system schools. The Center collaborates with other schools in bringing the best programs to the region to meet employment needs.



Energy and Environmental Design (LEED) standards.

The County has been a leader in environmental initiatives, ranking second in the state in county recycling and was one of the first in the country to capture landfill gas and convert to electricity through a co-generation process, producing enough electricity to power 1,400 homes annually.



The County received some national and state exposure with the grand opening of its biodiesel research facility, a partnership between the County and Appalachian State University, who received a grant from the Golden LEAF Foundation to build a biodiesel research facility using the electricity and heat generated at the landfill Eco-Complex, a Regional Biosolids Processing Facility. The facility will provide testing and research for biodiesel manufacturers in western NC as well as producing biodiesel from agricultural crops from the landfill and surrounding farms. This is the first facility of its kind in the state and meets Leadership in





### 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 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 almost finished with a \$25 million expansion and renovation of its surgical suite, creating three new operating rooms and renovating the others with new technology.

In 2010, a second phase of expansion began, which includes the construction of a five-story addition to house a Women's and Oncology Pavilion estimated to cost \$33 million. The project is scheduled for completion in the spring of 2013.



Frye Regional Medical Center, which celebrated its 100-year anniversary earlier this year, was named number one in the state of North Carolina and in the top 5% of U.S. hospitals for cardiac surgery and patient safety in 2011 by HealthGrades, the leading independent healthcare ratings organization in the nation. They were one of only 238 hospitals in the country to receive this designation.

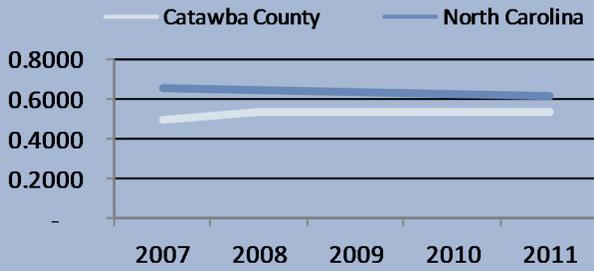
In addition, Frye Regional Medical Center received the 2010 Distinguished Hospital award from J.D. Power and Associates, a global marketing information services firm.

It has now won the award four times for providing an outstanding inpatient experience and service excellence to its visitors.



# PROPERTY TAXES

Property Tax Rate 2007-2011



The property tax rate remained at \$0.535 per \$100 of valuation, which was the 9th lowest tax rate of the 27 urban counties—those with a population over 100,000—and the 33rd lowest of all 100 counties in North Carolina.



## How were my taxes spent?

**County**  
(public safety, social services,  
public health, culture & recreation, etc.)  
**40.1%**

**Education**  
**59.9%**



# COUNTY FINANCIALS (Revenues)

## Revenue Sources

The statement of activities reports revenue by source using government-wide reporting standards. To assist the reader in



## Where the Money Comes From:

Property Taxes . . . . .	85,440,972
Operating Grants . . . . .	33,160,490
Charges for Services . . . . .	28,766,248
Sales and other Taxes . . . . .	28,298,211
Capital Grants . . . . .	7,337,965
Investment Earnings . . . . .	1,669,333

understanding what makes up the various sources referenced, we have provided the following detailed listing.

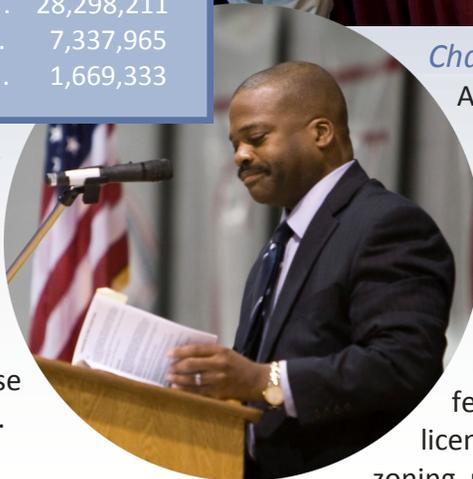
### General Revenues

Property taxes, sales and use taxes and investment earnings.

### Program Revenues

#### Operating Grants

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



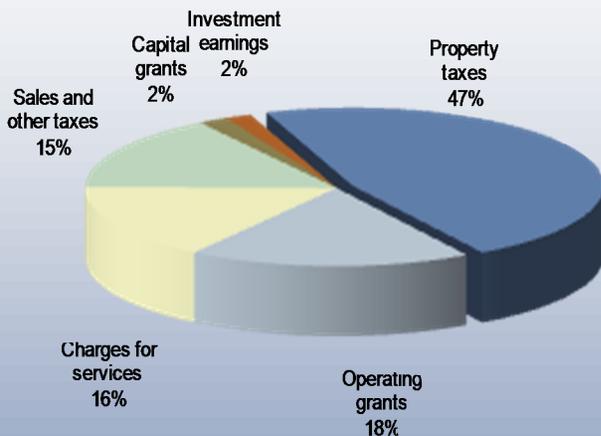
### Charges for Services

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.

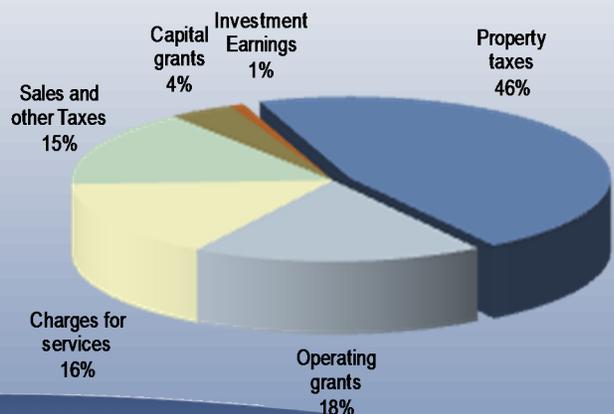
### Capital Grants

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

**2010 Revenues by Source**  
(General & Program Revenues)



**2011 Revenues by Source**  
(General & Program Revenues)



# COUNTY FINANCIALS (Expenses)

## Expenses/Services Provided

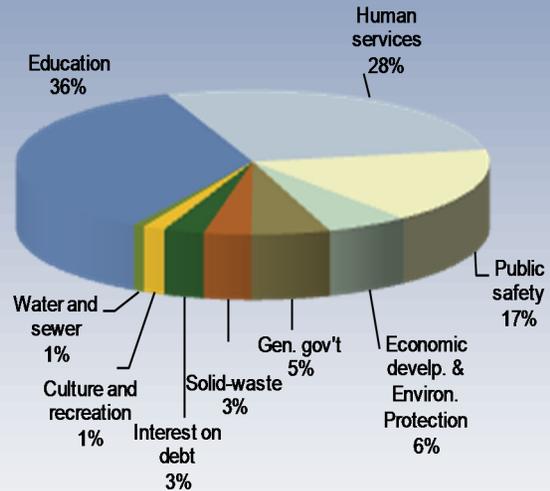
The County incurs a number of expenses to provide a variety of quality services to its citizens. The following list provides details to define what County departments are included in each of the functional categories listed in the statement of activities.

## Expenses by Function

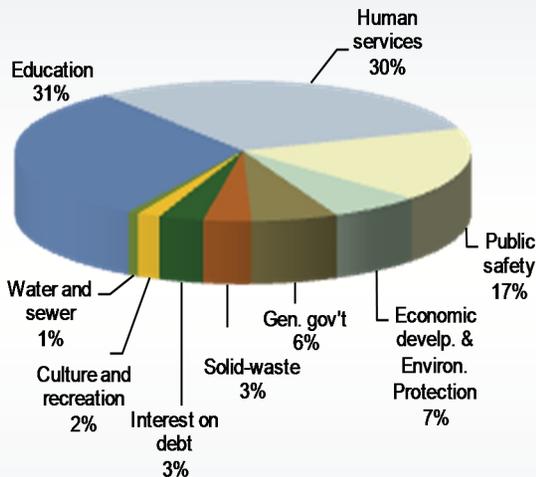
### Education

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

## 2011 Expenses by Function



## 2010 Expenses by Function



### 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.

### Economic Development & Planning

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

### Environmental Protection

Cooperative Extension, Soil & Water Conservation and Forest Ranger.

## Where the Money was Spent:

Education	65,072,007
Human Services	51,350,294
Public Safety	30,599,650
Economic Develop./Environ. Protection	10,222,150
General Government	9,795,648
Solid Waste Management	5,869,812
Interest on long-term debt	4,998,419
Culture & Recreation	2,733,249
Water & Sewer	1,365,042

### 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

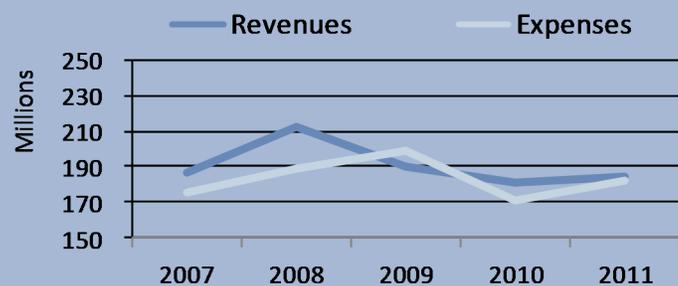
Water and sewer management.

# COUNTY FINANCIALS (Government-wide 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

### Revenues and Expenses - 5 year trend



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).

## Statement of Activities Primary Government

	2011	2010	Change
<b>REVENUES:</b>			
Program revenues:			
Charges for services	\$ 28,766,248	\$ 28,342,360	\$ 423,888
Operating grants	33,160,490	32,845,040	315,450
Capital grants	7,337,965	3,426,963	3,911,002
General revenues:			
Property taxes	85,440,972	84,763,108	677,864
Sales and other taxes	28,298,211	28,245,964	52,247
Investment earnings	1,669,333	3,043,644	(1,374,311)
<b>Total revenues</b>	<u>184,673,219</u>	<u>180,667,079</u>	<u>4,006,140</u>
<b>EXPENSES:</b>			
General government	9,795,648	10,533,518	(737,870)
Public safety	30,599,650	29,076,572	1,523,078
Environmental protection	508,248	495,248	13,000
Economic and physical development	9,713,902	10,627,991	(914,089)
Human services	51,350,294	51,688,459	(338,165)
Cultural and recreation	2,733,249	2,830,504	(97,255)
Education	65,072,007	53,825,312	11,246,695
Interest on long-term debt	4,998,419	5,411,021	(412,602)
Solid waste management	5,869,812	5,800,628	69,184
Water and sewer	1,365,042	1,270,443	94,599
<b>Total expense</b>	<u>182,006,271</u>	<u>171,559,696</u>	<u>10,446,575</u>
<b>Change in net assets</b>	<u>2,666,948</u>	<u>9,107,383</u>	<u>(6,440,435)</u>
<b>Net Assets, Beginning of Year</b>	<u>149,766,034</u>	<u>140,658,651</u>	<u>9,107,383</u>
<b>Net Assets, End of Year</b>	<u>\$ 152,432,982</u>	<u>\$ 149,766,034</u>	<u>\$ 2,666,948</u>

Looking at the Statement of Activities at the left, the most significant variances in revenues were: an increase in capital grants mainly used to support water and sewer activities, including a grant of \$1.5 million from the American Recovery and Reinvestment Act; an increase in property tax collections and finally a decrease in investment earnings of \$1.4 million as a result of the economic downturn.

The most significant variances in expenses on the Statement of Activities are: an increase in education expenses of \$11.2 million as new school capital projects began major construction. Anticipating the investment earnings shortfall, County departments reduced their expenses by 2% of their budgets, decreased payments to outside agencies and left several employee positions vacant.

# COUNTY FINANCIALS (Government-wide 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 \$2,666,948 for the fiscal year ended June 30, 2011. Below are the three components of net assets and their respective fiscal year-end balances.

Invested in capital assets, net of related debt, represents \$118,652,756 of the County's total net assets for fiscal year 2011. 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

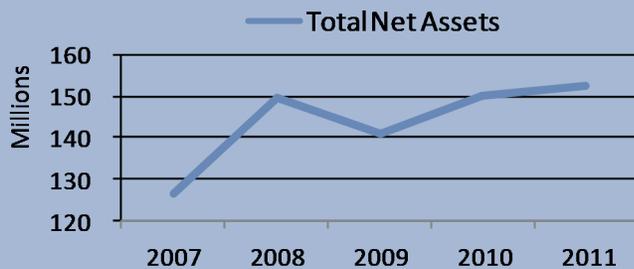
cannot be used to liquidate these liabilities.

## Statement of Net Assets Primary Government

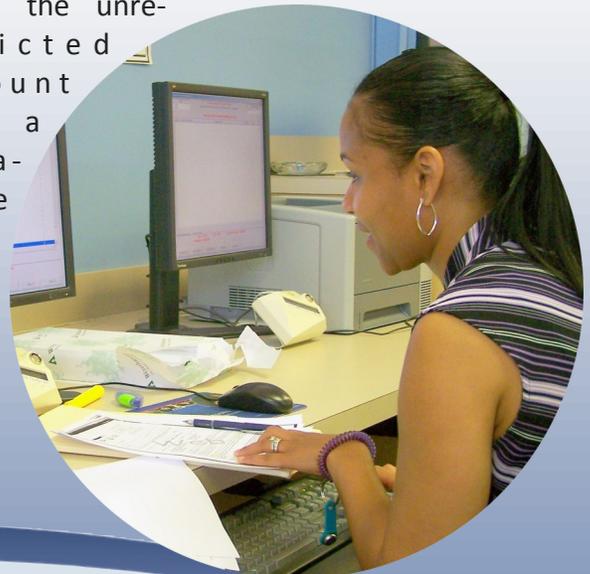
	2011	2010	Change
<b>ASSETS:</b>			
Current and other assets	\$ 184,532,017	\$ 161,209,096	\$ 23,322,921
Capital assets	138,352,403	133,792,014	4,560,389
<b>Total assets</b>	<b>322,884,420</b>	<b>295,001,110</b>	<b>27,883,310</b>
<b>LIABILITIES:</b>			
Long-term liabilities	159,809,792	132,953,868	26,855,924
Other liabilities	10,641,646	12,281,208	(1,639,562)
<b>Total liabilities</b>	<b>170,451,438</b>	<b>145,235,076</b>	<b>25,216,362</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	118,652,756	120,688,725	(2,035,969)
Restricted	47,011,143	1,377,237	45,633,906
Unrestricted (deficit)	(13,230,917)	27,700,072	(40,930,989)
<b>Total net assets</b>	<b>\$ 152,432,982</b>	<b>\$ 149,766,034</b>	<b>\$ 2,666,948</b>

Restricted net assets account for \$47,011,143 of the County's total net assets for fiscal year 2011. 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. This increase over prior year is a result of new restrictions from the implementation of GASB Statement No. 54. Because of these restrictions, the unrestricted amount has a negative balance.

### Total Net Assets - 5 year trend



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



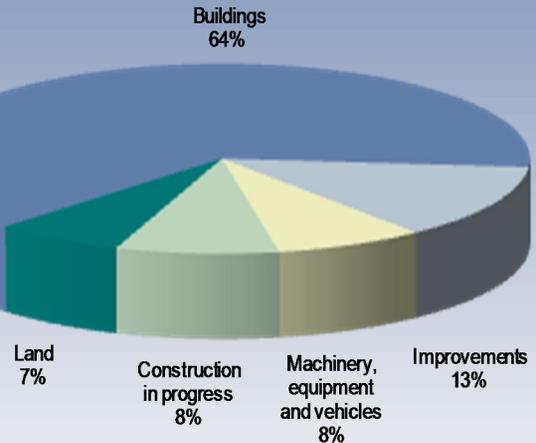
# CAPITAL ASSETS

As of June 30, 2011, the County's capital assets for both its governmental and business-type activities amounted to \$94,988,131 in depreciable assets (net of depreciation) and \$43,364,272 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 2011 included the following:

- Renovations of two High Schools—\$11.2 million (St. Stephens, Hickory)
- Renovations of Arndt Middle School—\$5.2 million
- Renovations of Webb Murray Elementary—\$5.8 million
- Construction of new Newton-Conover Middle School—\$20.8 million

## Capital Assets, net of depreciation 2011



- Mountain Creek Park—\$3.6 million
- SECC Water Supply Loop—\$5.1 million
- Blackburn/Plateau Water—\$3.8 million
- Regional Biosolids—\$1.2 million



- Renovations of Catawba Valley Community College—\$5.3 million



# LONG-TERM LIABILITIES & DEBT

As of June 30, 2011, the County's long-term liabilities for its governmental and business-type activities amounted to \$159,809,792 which includes long-term debt, compensated absences, other post-employment benefits and future landfill closure costs.

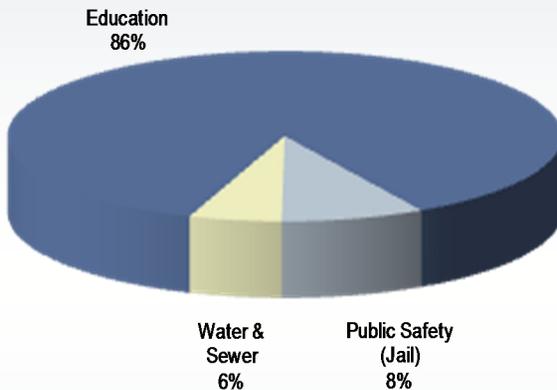
## Credit Ratings Maintained by the County

Moody's Investors Service, Inc.  
Aa1

Standards & Poors Corp.  
AA

Outstanding long-term debt of \$142,142,197 consists of bonds, installment purchases, certificates of participation and federal revolving loans. The outstanding

## Uses of Outstanding Debt 2011

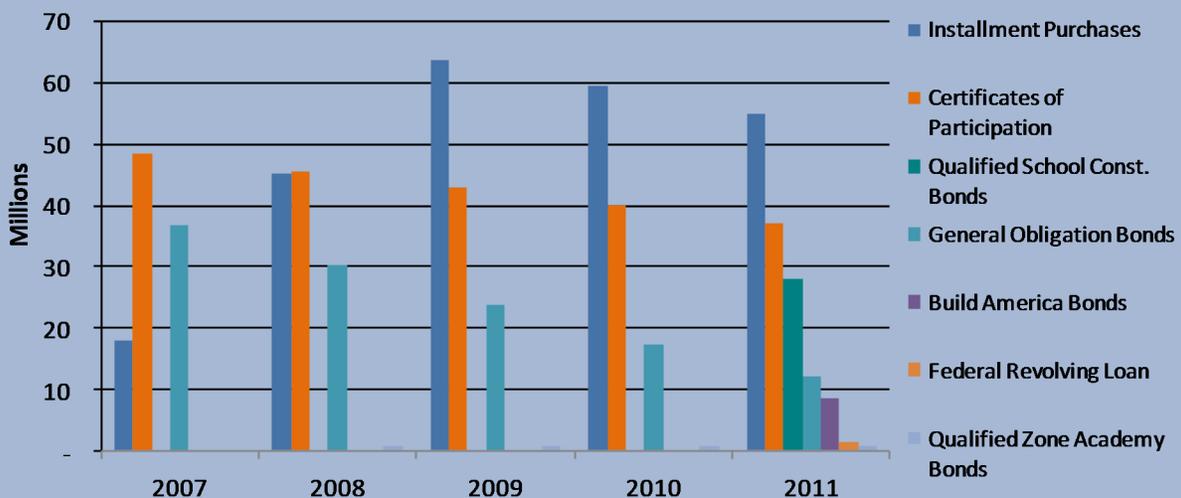


debt obligations consist of the following purposes: Education (86%), Public Safety Jail Expansion (8%) and Water and Sewer Projects (6%).



Catawba County maintained for the 2nd consecutive year, its Aa1 bond rating from Moody's Investors Service and for the 7th consecutive year, its AA rating from Standard and Poor's. This stable bond rating is a clear indication of the sound financial condition of the County.

## Outstanding Debt 2007-2011



# 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. Visit [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!

facebook

flickr

follow us on twitter

YouTube



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

## DIRECTORY OF OFFICIALS

### Board of Commissioners

Kitty W. Barnes, Chair  
 Lynn Mull Lail, Vice-Chair  
 Barbara G. Beatty  
 Dan A. Hunsucker  
 C. Randall Isenhower

### County Manager

Tom Lundy

### Assistant County Manager

Dewey Harris

### County Clerk

Barbara Morris

### Finance Director

Rodney Miller

## Finance Department

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



