



**MARTIN STARNES &
ASSOCIATES, CPAs, P.A.**

Paula Hodges, Partner

CATAWBA COUNTY, NC

12-1-14

Audit Results

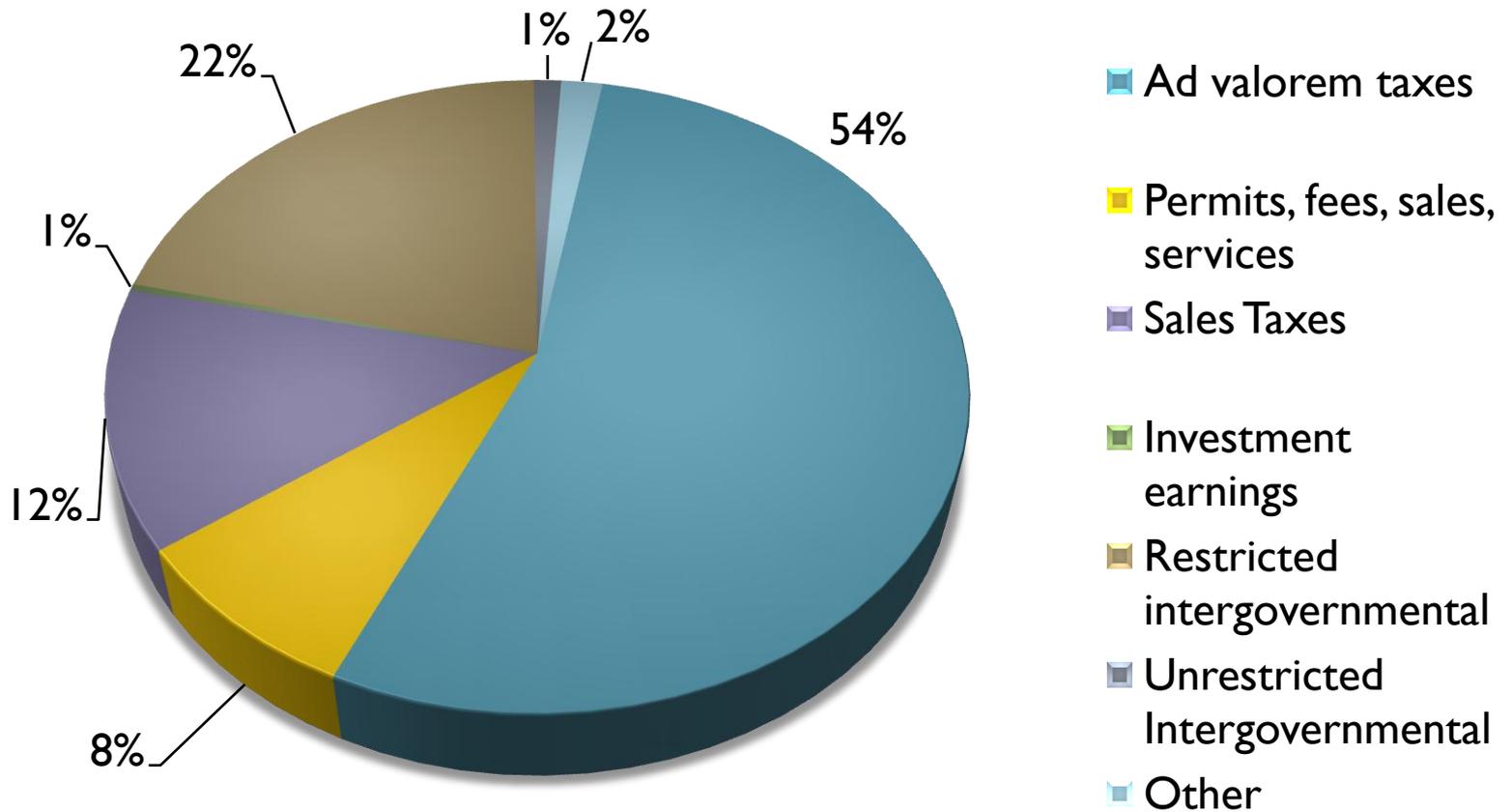
- Audit Opinion
- Compliance – Single Audit (State/Federal Grants)
- Management Letter
- Financial Condition

Fiscal Year 2013-14 Financial Report

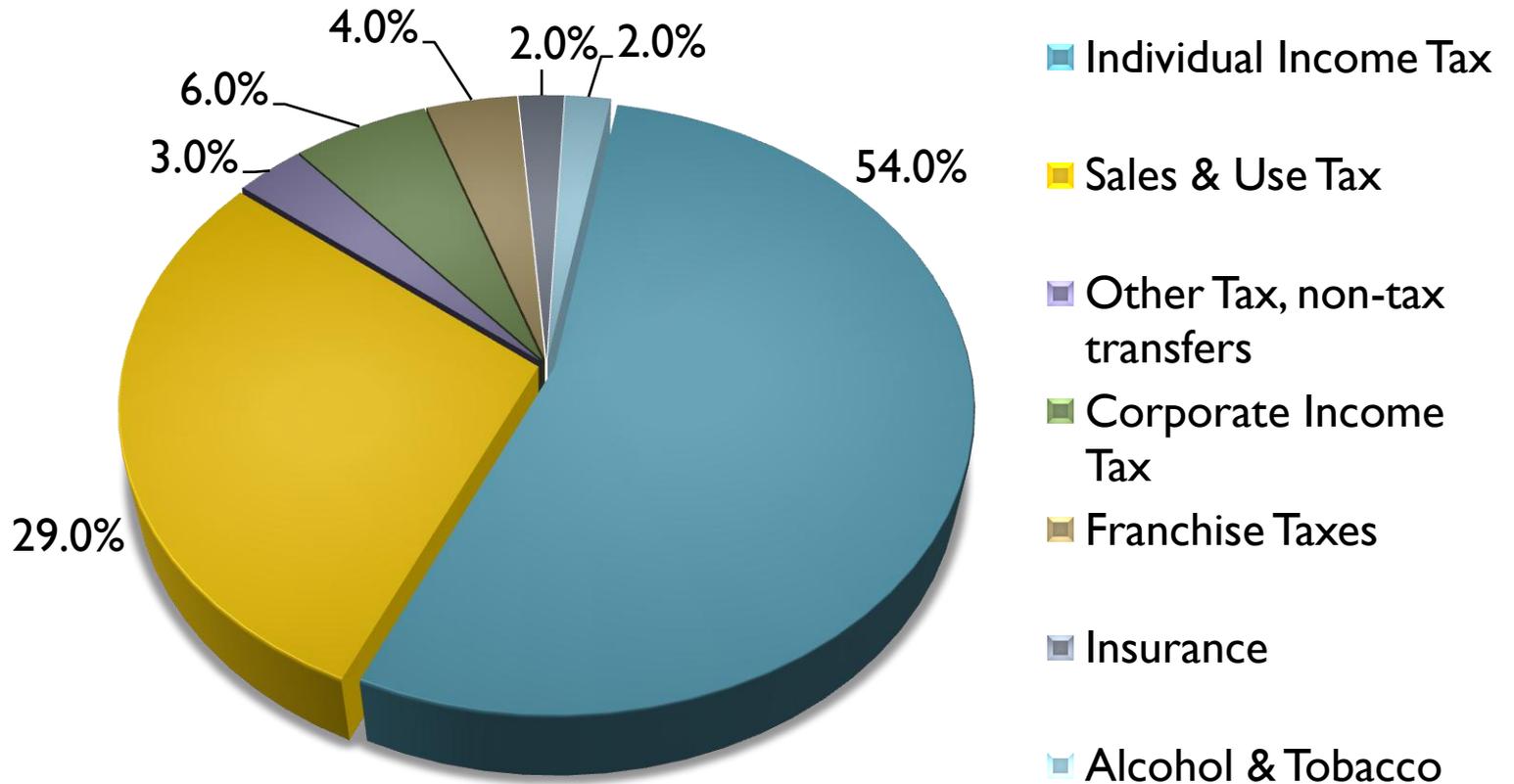


Rodney N. Miller
Finance Director

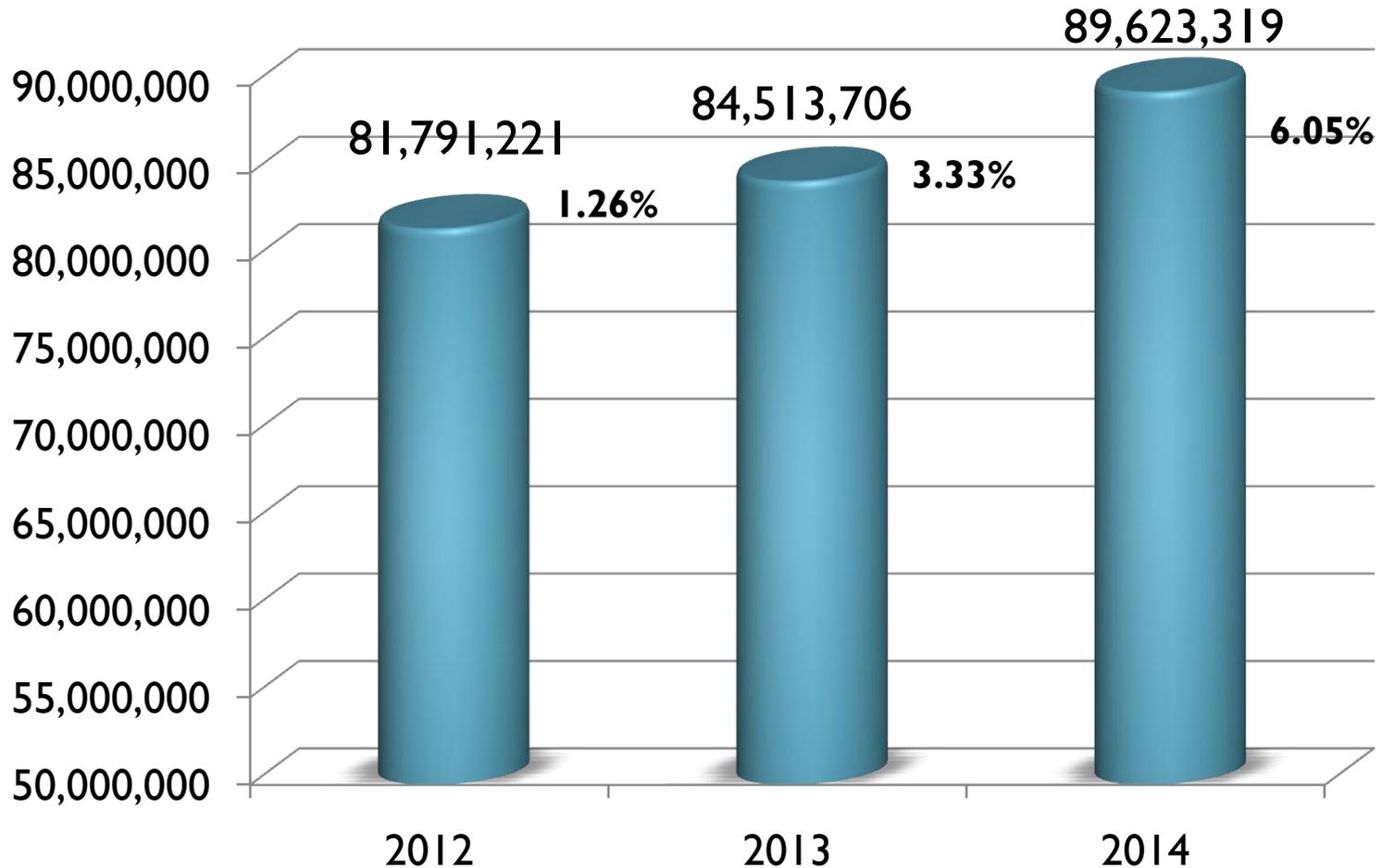
General Fund Revenues – Actual 2014



State of NC General Fund Revenues-2013

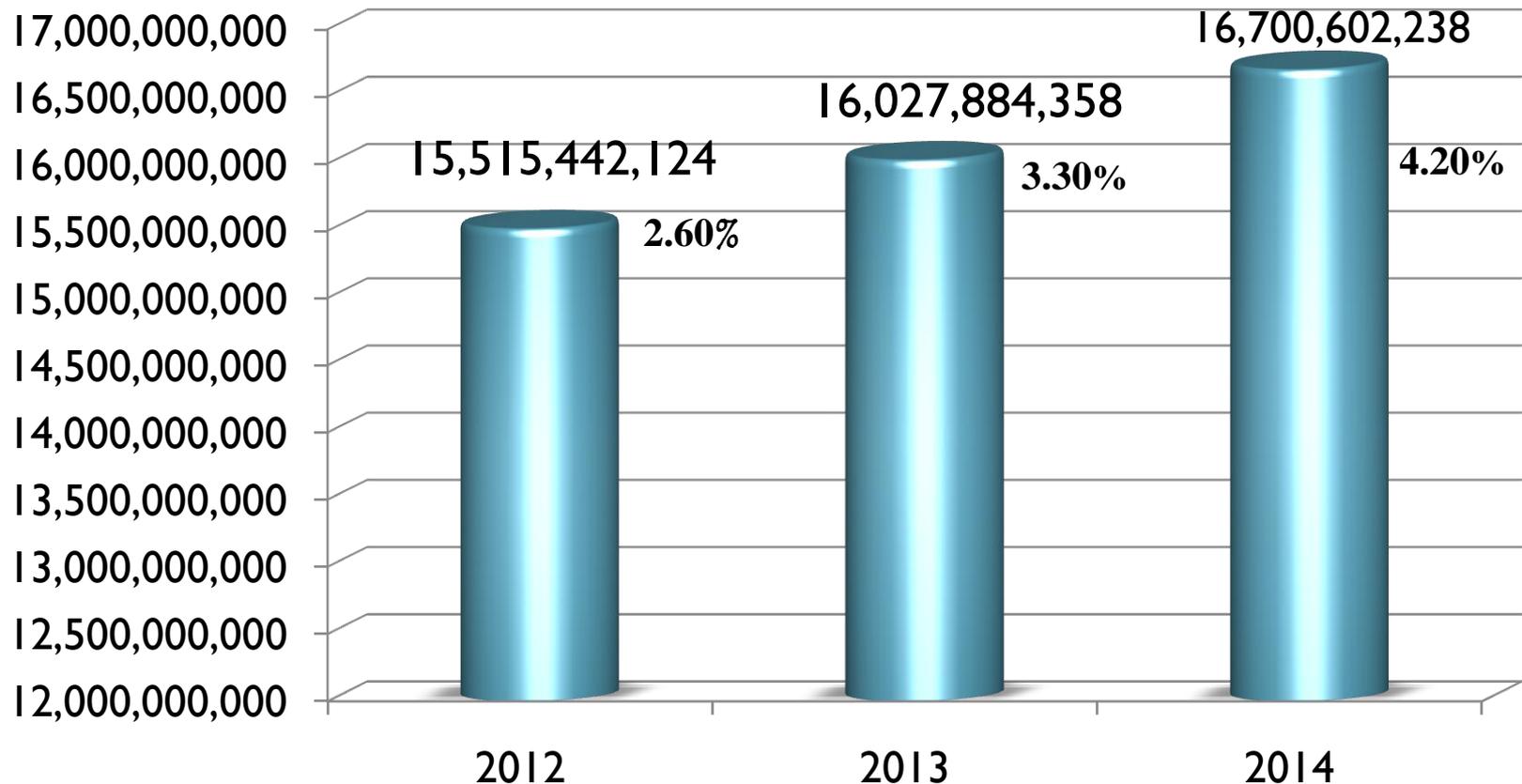


Property Tax Revenues



- **\$2.7m increase in '13(*Apple-\$1.3m)**
- **1x Tag & Tax \$3.1m*/\$1.5m-Apple in '14/no normal revenue growth**
- **Prior year collections/interest increased \$650k – debt setoff**
- **Collection rates of 95.94%/95.87/ 96.94% last three years**

Property Tax Base



- **New growth of \$85m in real/\$370m in personal/\$55m in utilities for '13 (*Apple \$250m, Duke \$50m)**
- **2014: \$400m in motor vehicles* (4 months); \$285m growth in Apple \$35m - Duke; normal real/personal growth slightly down**
- **2015: normal growth in real-\$50m, personal-\$35m & utilities-\$60m**

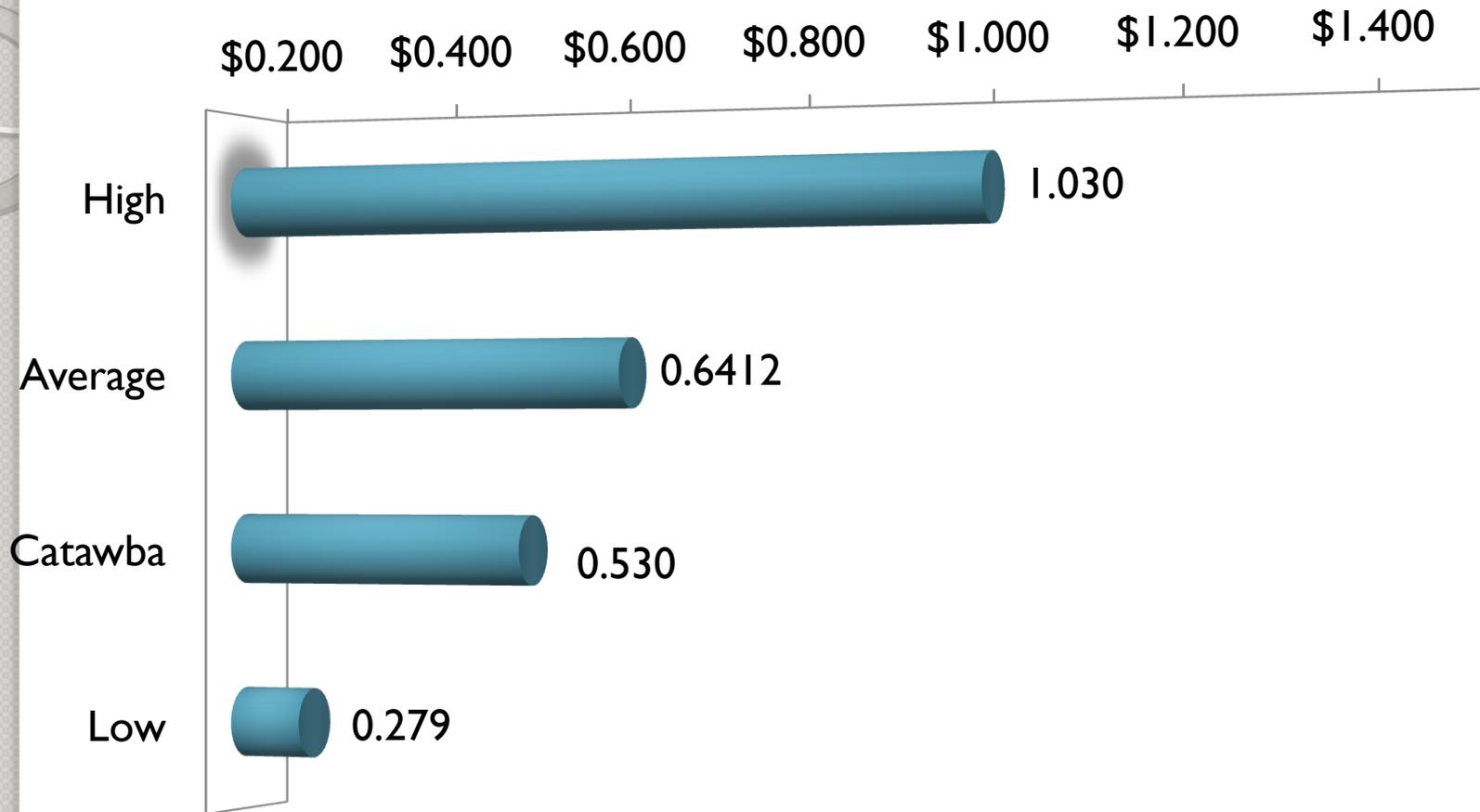
Top Ten Taxpayers – 2014

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>	<u>Last Years Ranking</u>
Apple, Inc.	\$916,657,031	5.49%	1st
Duke Energy Corporation	543,682,658	3.26%	2nd
GKN Driveline, LLC	110,760,920	0.66%	4th
Target Corporation	106,285,005	0.64%	3rd
CommScope, Inc.	105,740,567	0.63%	5th
Draka Comteq Americas, Inc.	75,211,095	0.45%	6th
Frye Regional Medical Center	72,845,890	0.44%	7th
Corning Cable Systems	67,781,685	0.41%	8th
Hickory Springs Mfg. Co.	53,958,836	0.32%	9th
Valley Hills Mall	<u>45,873,677</u>	<u>0.27%</u>	10th
Total	\$2,098,797,677	12.57%	

Top Ten Taxpayers - 2004

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>
Duke Power Company	\$356,728,514	2.76%
CommScope, Inc	151,697,472	1.17%
Corning Cable Systems	106,234,298	0.82%
Alcatel (Draka Comteq)	97,661,411	0.75%
Getrag Gears	77,537,250	0.60%
Frye Regional Medical Center	64,164,211	0.50%
Hickory Springs Mfg. Co.	59,311,485	0.46%
Centel/Central Telephone	54,549,996	0.42%
Shuford Mills/Shuford Development	49,967,394	0.39%
Valley Hills Mall	<u>48,198,940</u>	<u>0.37%</u>
Total	\$1,066,050,971	8.24%

2013-14 Tax Rate NC Counties



- **5th lowest among 27 urban (>100,000 pop.) counties: Brunswick, Craven, Henderson, Iredell**
- **26th lowest out of 100 Counties in NC**

Permits/Fees/Sales/Services

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Register of Deeds	\$530,978	\$606,483	\$518,858
Building Permits	985,376	1,136,891	1,099,708
Ambulance Fees	4,959,656	5,577,440	5,623,670
Medicaid Fees	2,038,085	1,380,553	922,882
Home Health/3rd Party	3,096,860	2,712,273	3,195,687
Obstetric Services	357,159	65,330	3,484
Environmental Health	235,095	256,247	265,982
Other	<u>1,856,552</u>	<u>2,114,356</u>	<u>1,863,840</u>
Totals	\$14,111,761	\$13,849,573	\$13,494,111

- Register of Deeds – recording fees (real estate, power of atty, separation) down
- Building permit revenues down (3.3%)/15.4% increase in '13
- Ambulance/patient fees up 12.5% & .83%; increase in debt setoff program use
- PH transferred Child Health to Catawba Pediatrics in 2012 & Pre-natal to CVMC in 2013 resulting in Medicaid and Obstetric dollars to decrease
- Home Health fees down 3-4% overall, timing of reimbursements in '13 & '14

Sales Tax Components

Article 39 – 1 cent (1971), countywide sales

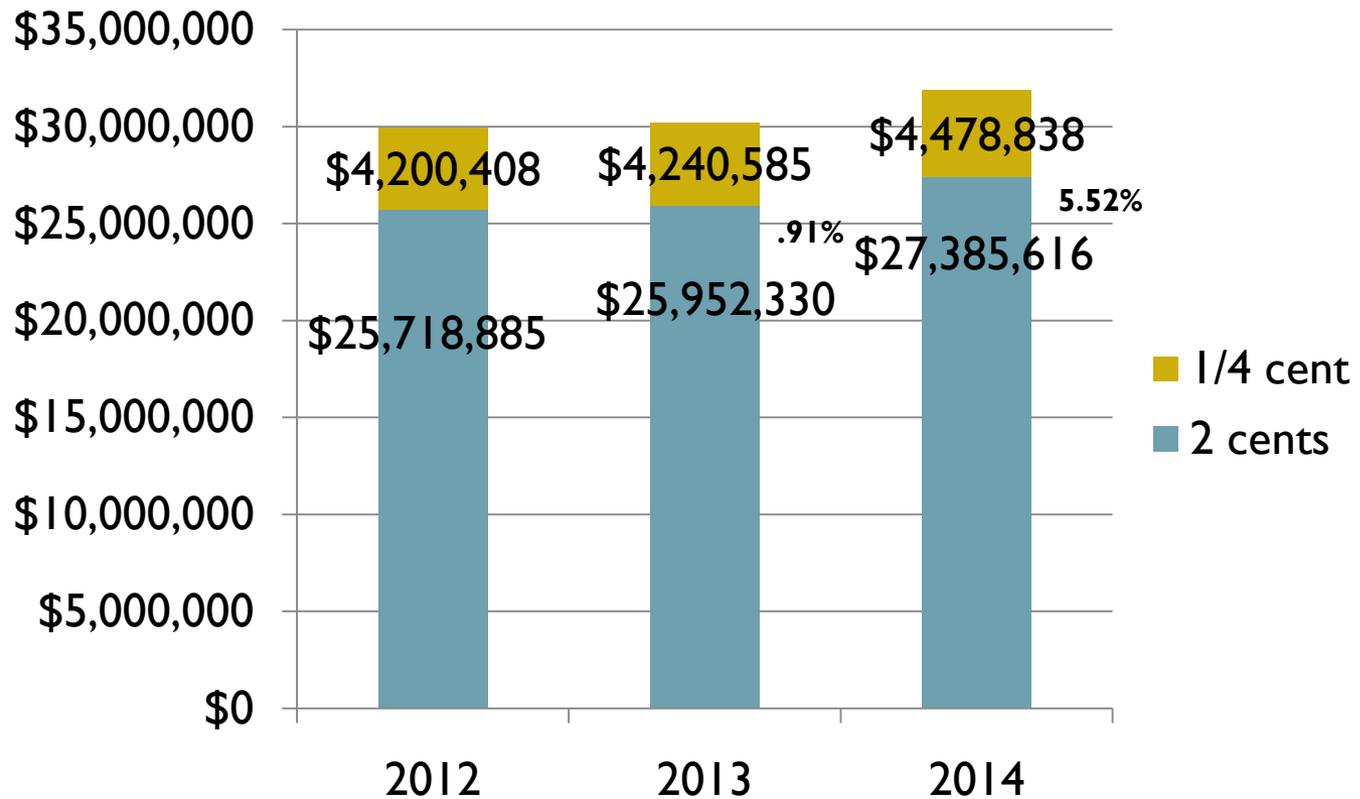
Article 40– $\frac{1}{2}$ cent(1983), statewide sales – distributed per capita

Article 42– $\frac{1}{2}$ cent(1986), statewide sales – distributed per capita **(changed to countywide in Oct 09)**

Article 46- $\frac{1}{4}$ cent (Apr, 2008) countywide sales
**Not required to distribute to municipalities*

Total of 2- $\frac{1}{4}$ cents in sales tax revenues

Sales Tax Revenues



- Two-cent collections were up \$230k in '13; up \$1.43m in '14;
- 1/4 cent collections pledged to fund Justice Center Expansion, 911 Center, Emergency Operations Center, Water & Sewer, Economic Development & School Operating Needs

Retail Sales by County

	<u>2012-2013</u>	<u>2013-2014</u>	<u>% chg.</u>
Mecklenburg	\$15,561,579,637	\$16,427,509,693	5.56%
Wake	11,411,806,624	12,076,260,772	5.82%
Guilford	5,645,035,166	5,871,111,690	4.00%
Durham	4,902,628,024	5,501,325,031	12.21%
Forsyth	4,087,882,705	4,185,903,565	2.40%
Buncombe	3,532,106,651	3,789,896,675	7.30%
Cumberland	3,558,501,388	3,509,005,624	-1.39%
New Hanover	3,254,485,249	3,384,865,474	4.01%
Cabarrus	2,446,413,119	2,594,482,141	6.05%
Pitt	1,846,032,936	1,851,120,121	2.76%
Onslow	1,875,368,357	1,848,663,953	-1.42%
Alamance	1,664,282,111	1,820,004,443	9.36%
Catawba	1,752,062,177	1,809,994,214	3.31%
Iredell	1,692,328,914	1,785,375,866	5.50%
Gaston	1,586,516,806	1,633,818,989	2.98%
Union	1,321,781,178	1,460,830,264	10.52%

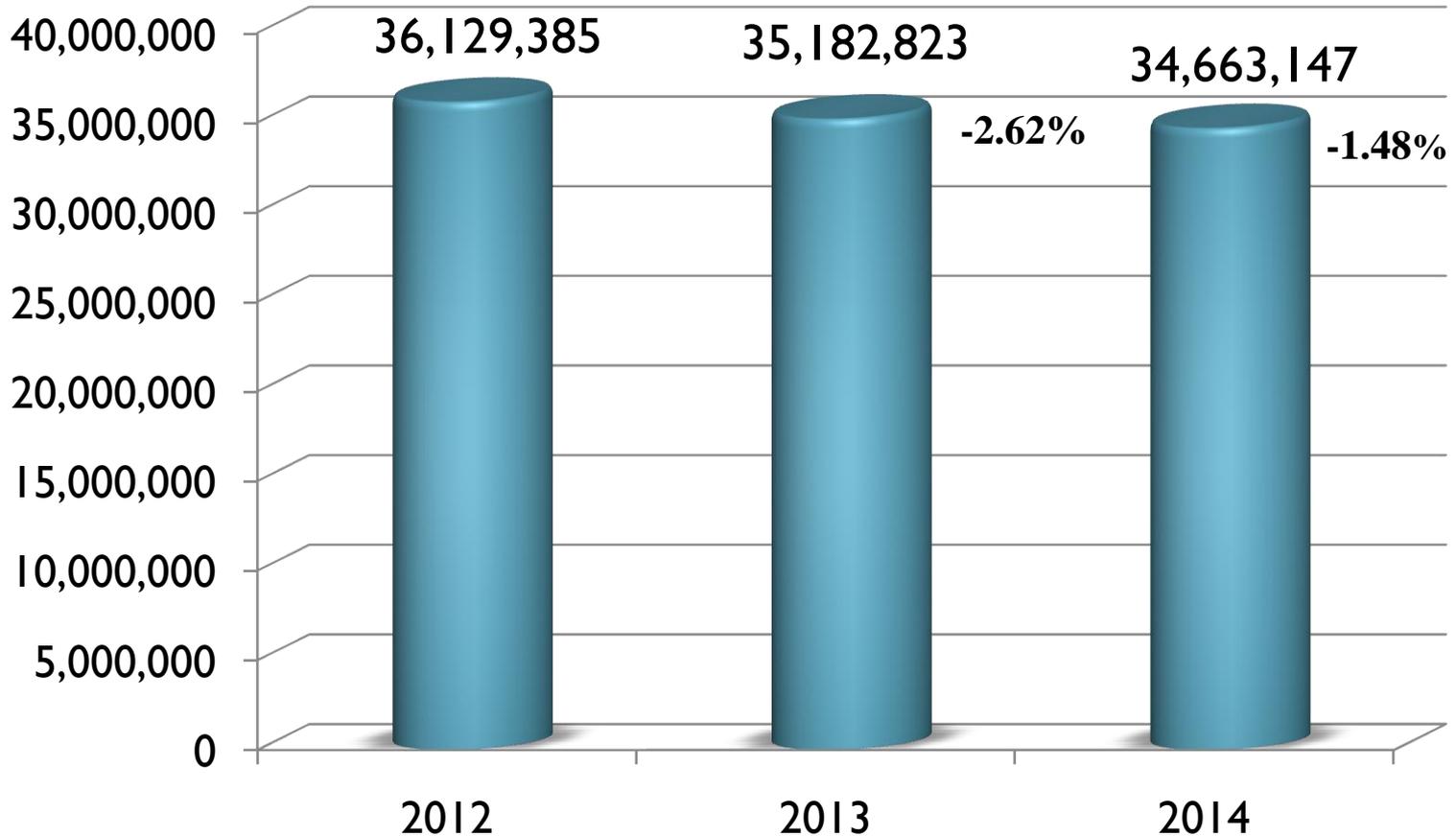
- Catawba County – 17th in population in NC; 13th in retail sales
- 60% of retail sales in the Unifour; 43% of population

Retail Sales by Business Sector

	<u>FY 2012-13</u>		<u>FY 2013-14</u>	
2%/3% - mfg. homes, boats, airplanes	22,234,515	1.27%	20,636,970	-7.18%
Apparel	103,866,058	5.93%	102,241,687	-1.56%
Automotive	129,057,218	7.37%	138,714,199	7.48%
Food	351,728,060	20.07%	362,561,873	3.08%
Furniture	73,665,078	4.20%	82,556,331	12.07%
General Merchandise	515,387,173	29.42%	515,598,267	.04%
Lumber/Building Material	172,247,072	9.83%	190,473,593	10.58%
Unclassified-hotels/office machines/bookstores	<u>383,877,004</u>	21.91%	<u>397,211,294</u>	3.47%
	\$1,752,062,177	100.00%	\$1,809,994,214	3.31%

- Catawba County – 17th in population in NC; 9th in furniture sales
- 60% of retail sales in the Unifour; 43% of population
- Burke: 6.01% increase (+39% apparel/+14% gen. merchandise); \$567m in sales

Restricted Intergovernmental Revenues



- **Social Services -Smart Start, Work First; Medicaid Admin, Child day care**
- **Public Health: (WIC/School Health nurses); Jail bed rental; State Aid-library**
- **Lottery Funds(committed for school debt); Fines & Forfeitures**

Unrestricted Intergovernmental Revenues

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Beer and Wine Taxes	362,584	339,018	369,182
ABC Board Distribution	795,000	895,000	895,000
Video Programming Fees	681,671	653,048	638,010
Totals	\$1,839,255	\$1,887,066	\$1,902,192

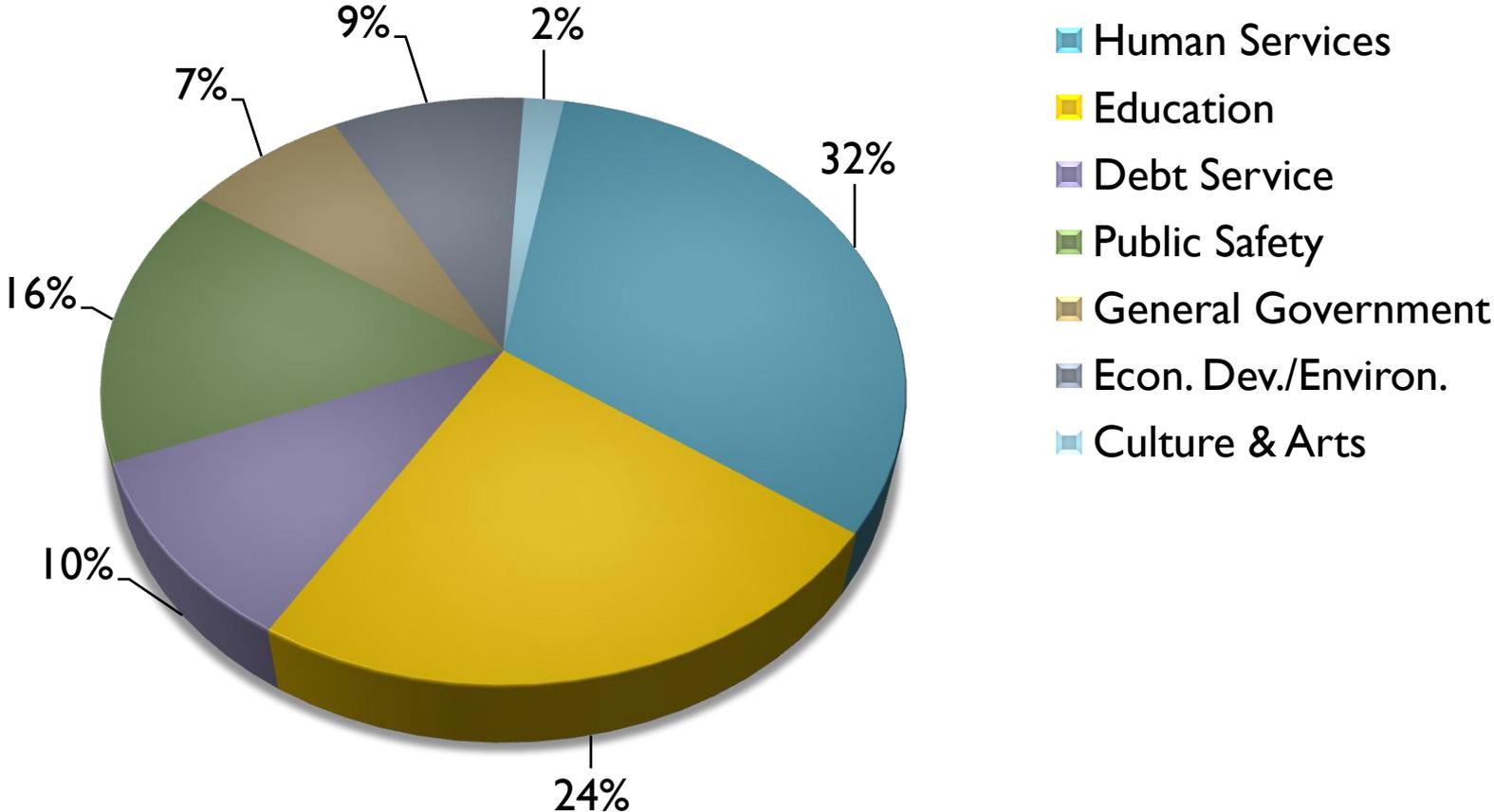
- ABC profits increased by \$100k in '13
- State sales tax on Telecommunication, Video Programming and Satellite TV services

Other Revenues

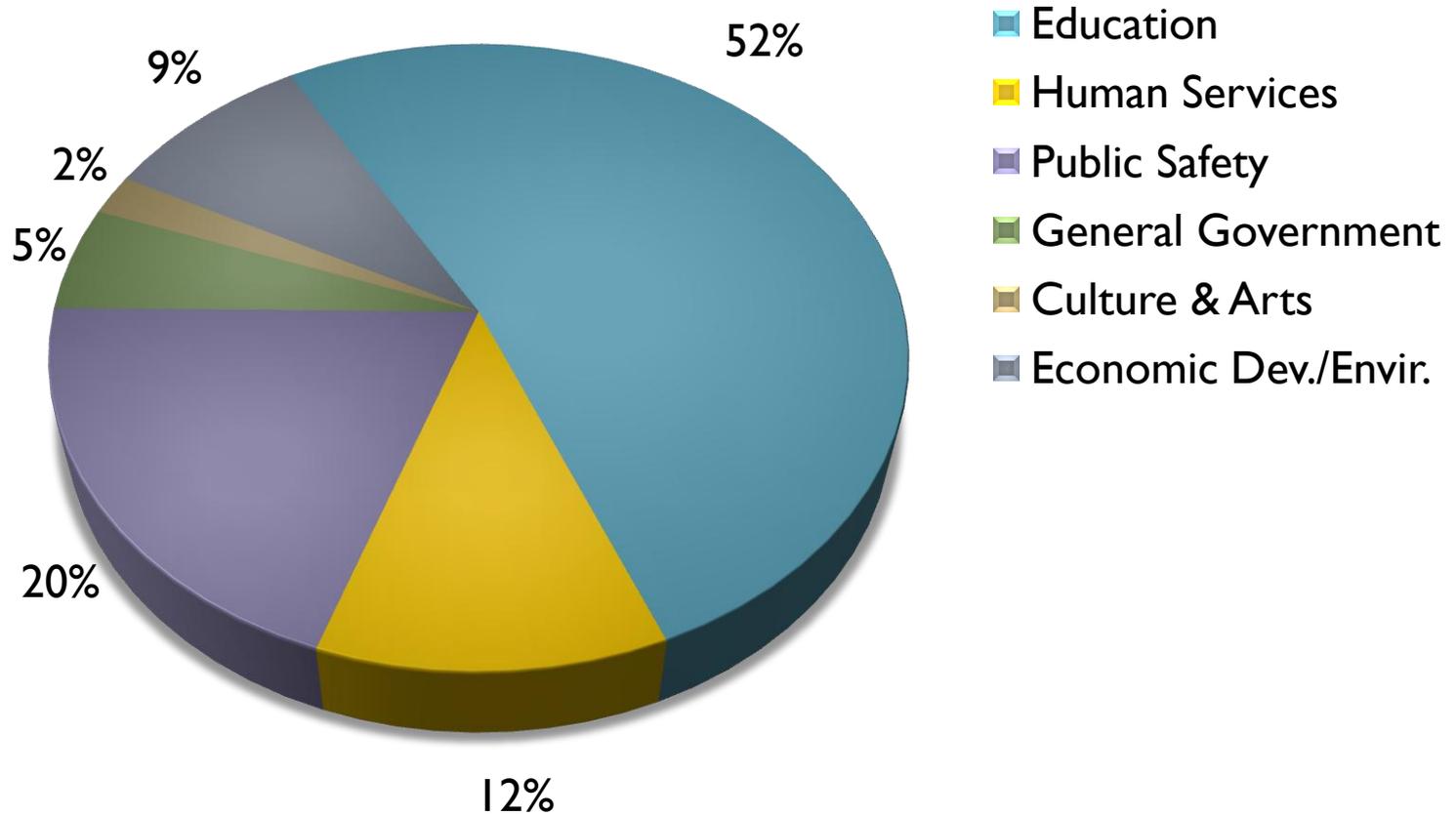
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Employee Health & Dental Premiums	1,784,159	1,727,812	1,660,109
Other	1,135,672	1,044,692	1,230,676
Totals	\$2,919,831	\$2,772,504	\$2,886,785

- Health/Dental premiums associated with three different insurance plans
- Other: grant funds (Susan G. Komen), lease of property (ESC, cell towers, etc.), insurance settlements, donations, miscellaneous revenues

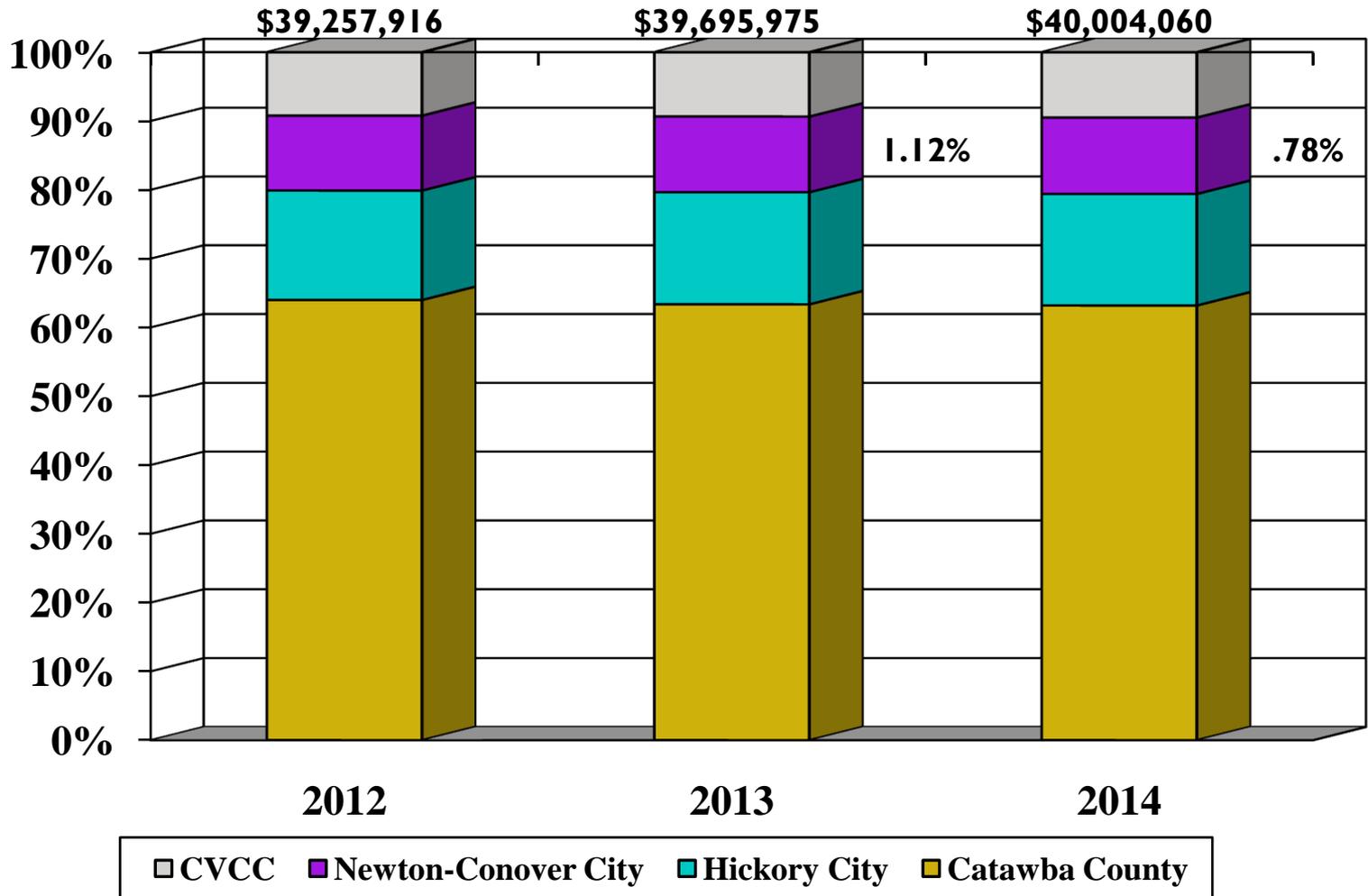
General Fund Expenditures - 2014



Where do the Local Tax Dollars Go?



Education



In 2014, County school contribution increased \$14 per student to \$1,461; CVCC funding increased to \$3.8m, improving ranking to 14th out of 58 NC community colleges

Human Services

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Mental Health	1,006,656	757,037	642,321
Social Services	36,496,820	35,941,238	35,817,896
Public Health	<u>11,741,750</u>	<u>11,371,476</u>	<u>10,654,519</u>
Totals	49,245,126	48,069,751	47,114,736

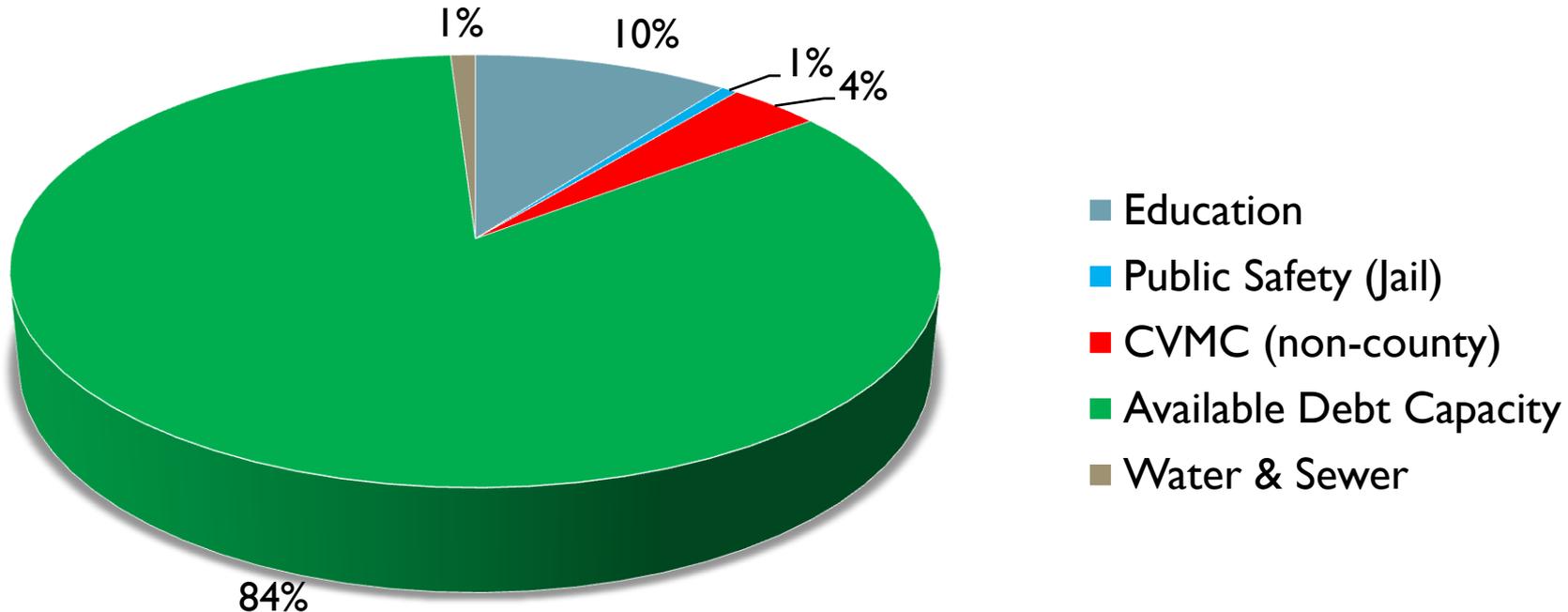
- **Mental Health** – Contract with Catawba Valley Behavioral Healthcare (CVBH) to fund LifeSkills, Psychiatric Support, MH services in jail and temporary housing; also funds ABC Board contract
- **Social Services** – Decrease in Administration (\$200k); decrease in Work First program (\$325k); \$400k increase in Children’s Purchase of Services
- **Public Health** – Decrease in Administration(\$100k); decrease in Home Health (\$150k); decrease in Adult Health (\$200k); decrease in Clinical Services (\$200k)

Public Safety

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sheriff	13,697,527	13,997,373	14,861,276
Emergency Services	8,835,437	8,983,001	9,095,498
Communication Center	<u>1,578,069</u>	<u>1,581,830</u>	<u>1,652,851</u>
Totals	24,111,033	24,562,204	25,609,625

- Sheriff's office: '13 - added three new road patrol deputies based on 11% increase in call volume, replaced fourteen law enforcement vehicles and added one to fleet; in '14 – added five new road patrol deputies and vehicles based on 6% increase in call volume, replaced seventeen vehicles
- Emergency Services - added new EMS crew in Bandys and replaced three ambulances in '13; replaced three ambulances and a Hazmat truck in '14
- Communication Center – no significant changes for '13; new equipment maintenance contract in '14

Outstanding County Debt - 2014



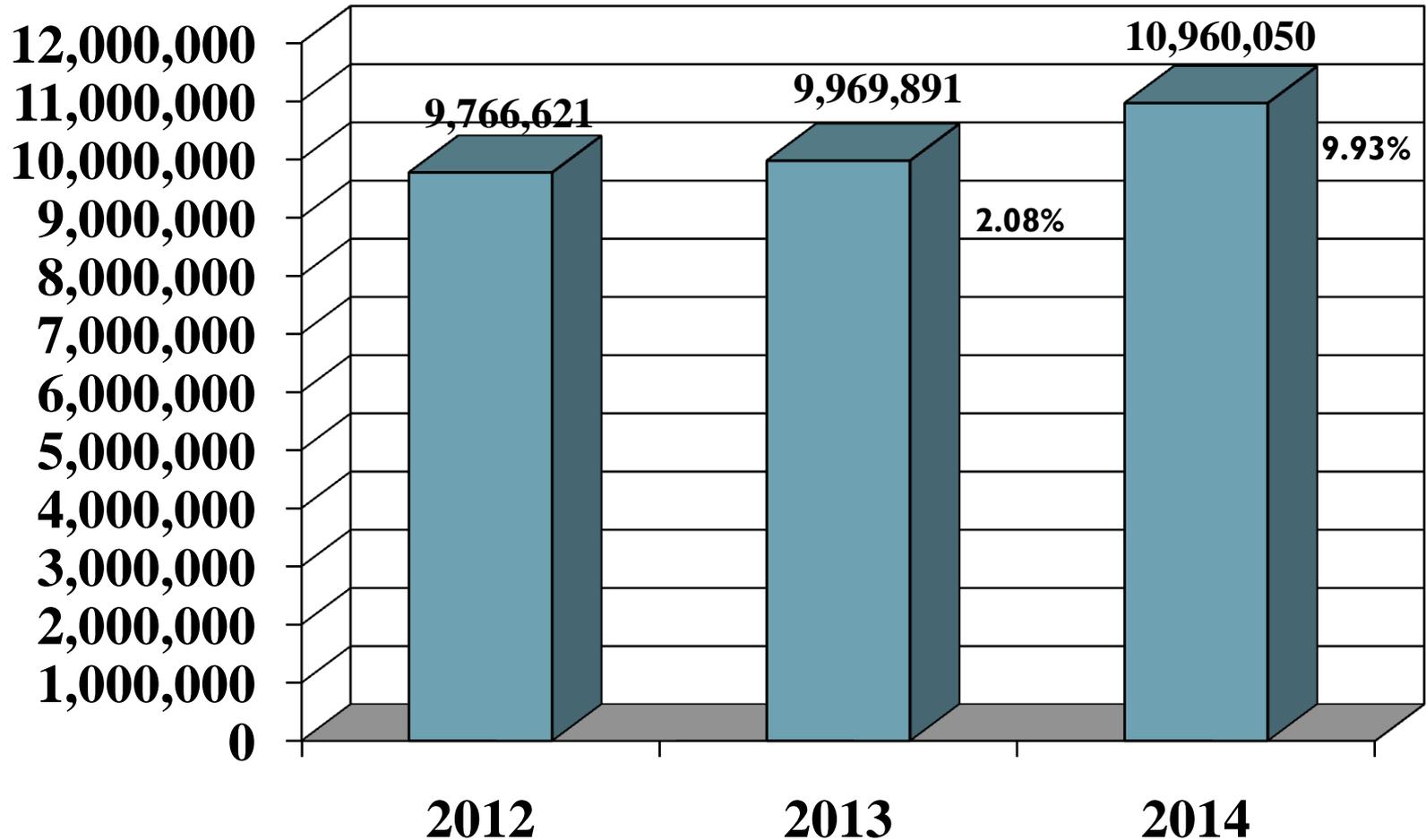
Credit rating: Moody's: Aa1/Standard & Poor's: AA

2014 debt per capita = \$1,068 (\$994 in 2013)

2013 average of 21 similar-sized counties = \$1,134

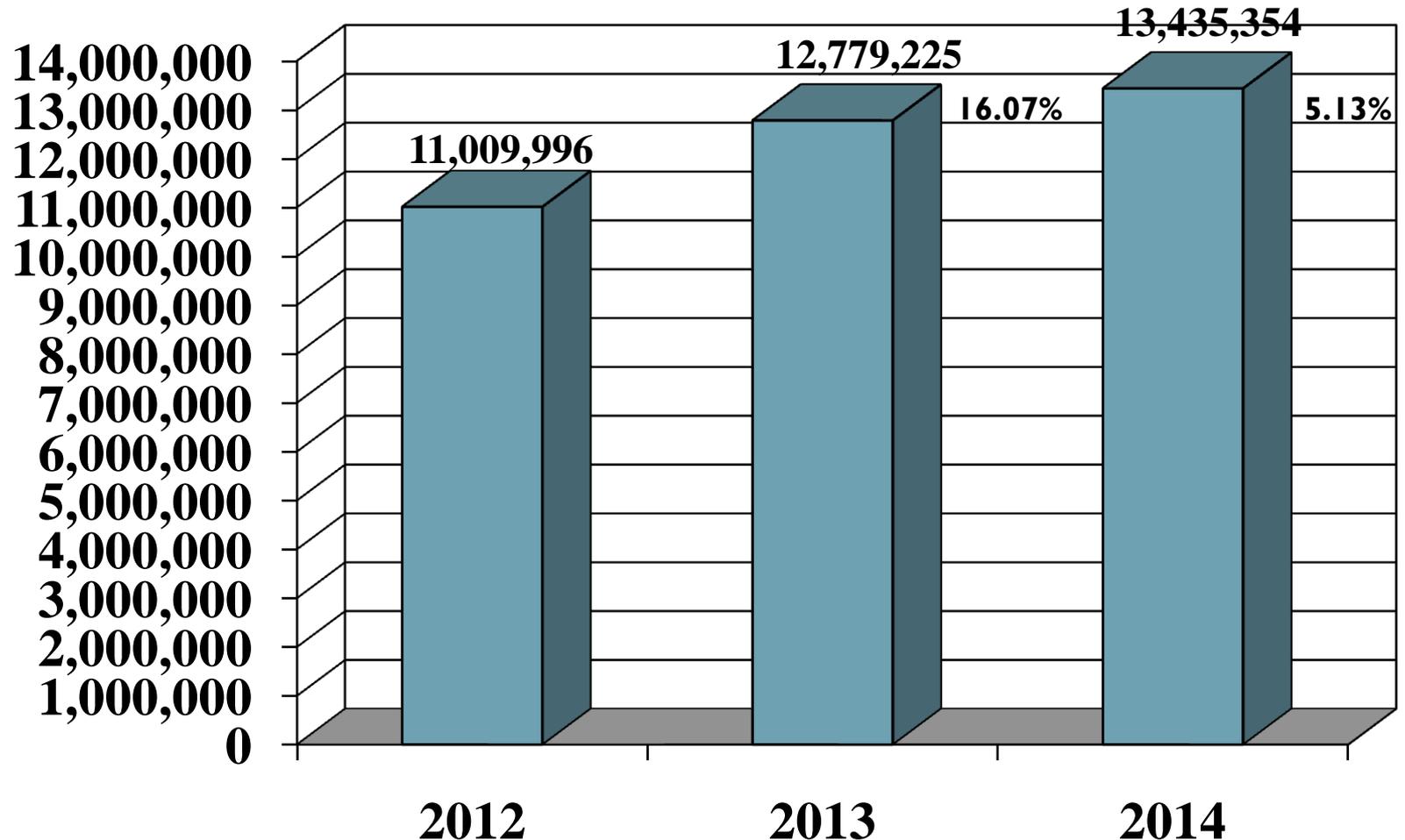
\$158.8 million in outstanding debt; \$1.34 billion available (12% of limit)

General Government



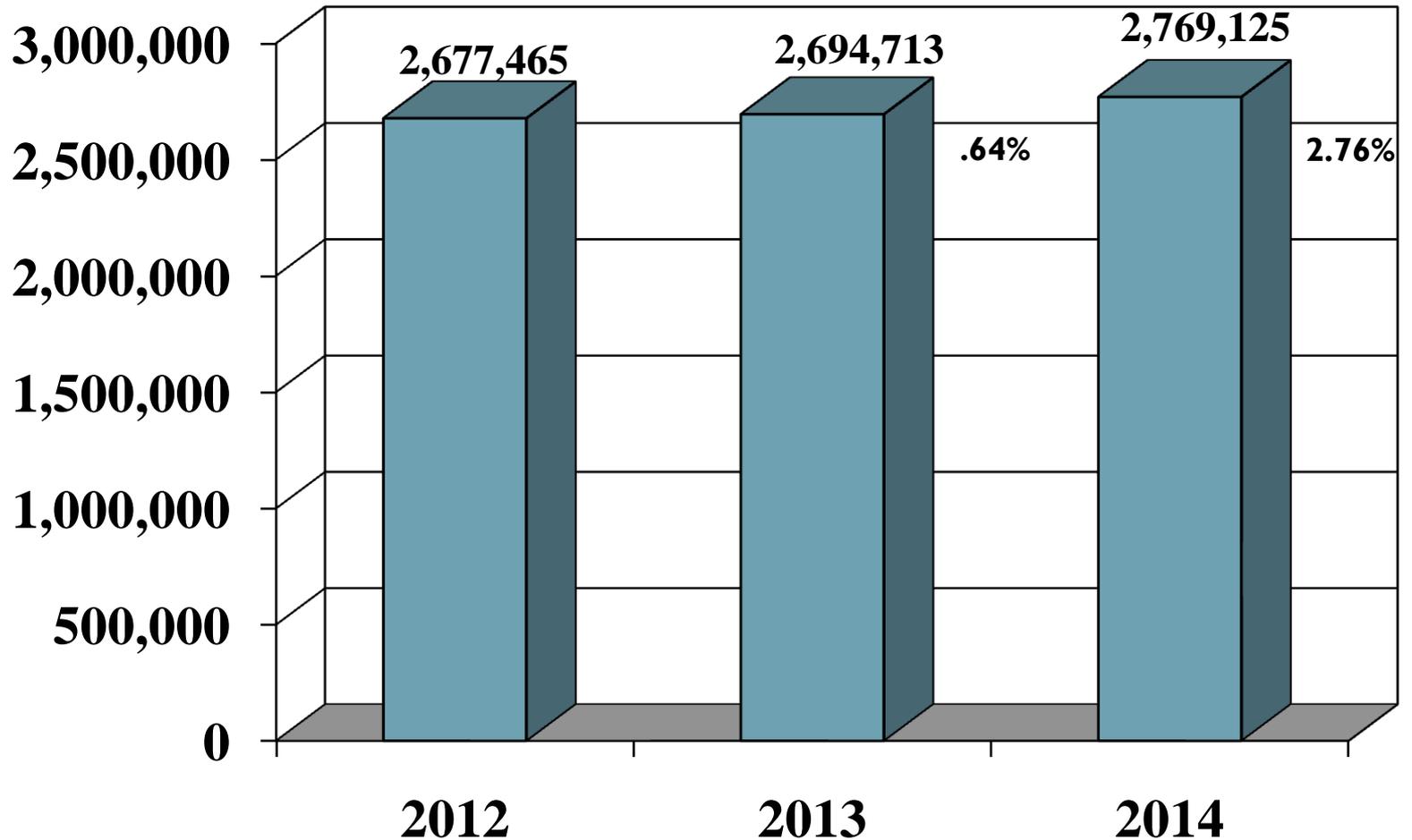
- '13: Board of Elections increased by \$140k and ambulance billing increased by \$50k as a result of increased collections
- '14: Health/Dental Insurance increased by \$280k; Prop./Liability - \$160k; Worker's Comp - \$70k; Board of Elections - \$60k; Tax: NC Tax & Tag -\$100k; HR: wellness activities - \$40k; Finance: project administrator - \$50k

Economic & Physical Development



Includes IT, Planning/Parks, Utilities & Eng., Econ. Development, Coop. Extension & Facilities operations; Increase of \$1.2m in incentives to offset add'l \$300m in tax value/ new Government Center roof - \$100k in 2013 '14: increase of \$600k in incentives vs. \$280m in new tax value, Newton Library paving - \$30k

Culture & Arts



Includes County Libraries, Historical Museum, United Arts Council, Salt Block, Patrick Beaver, N-C Auditorium

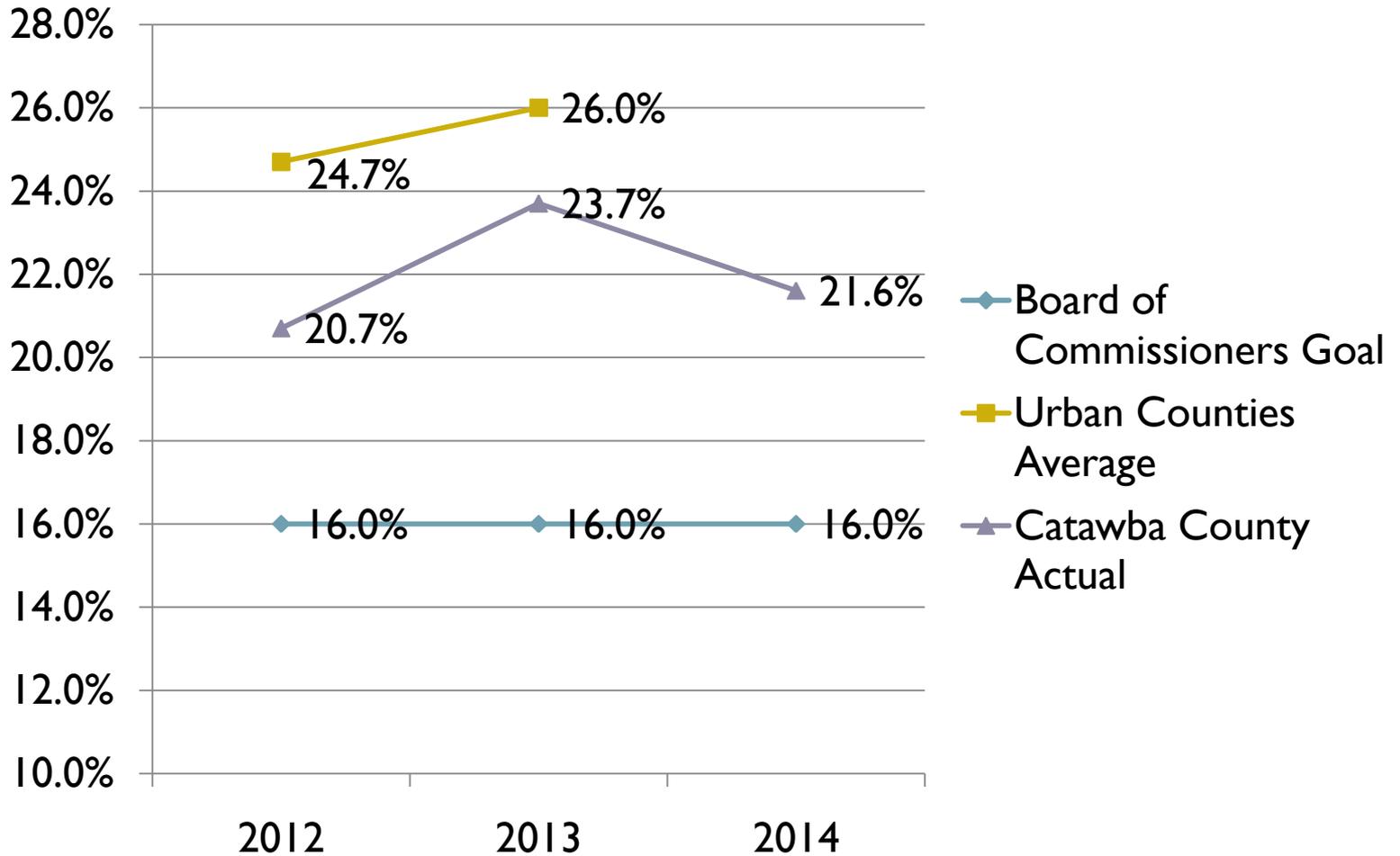
'14: operating increases towards new SF library opening

Operating Transfers

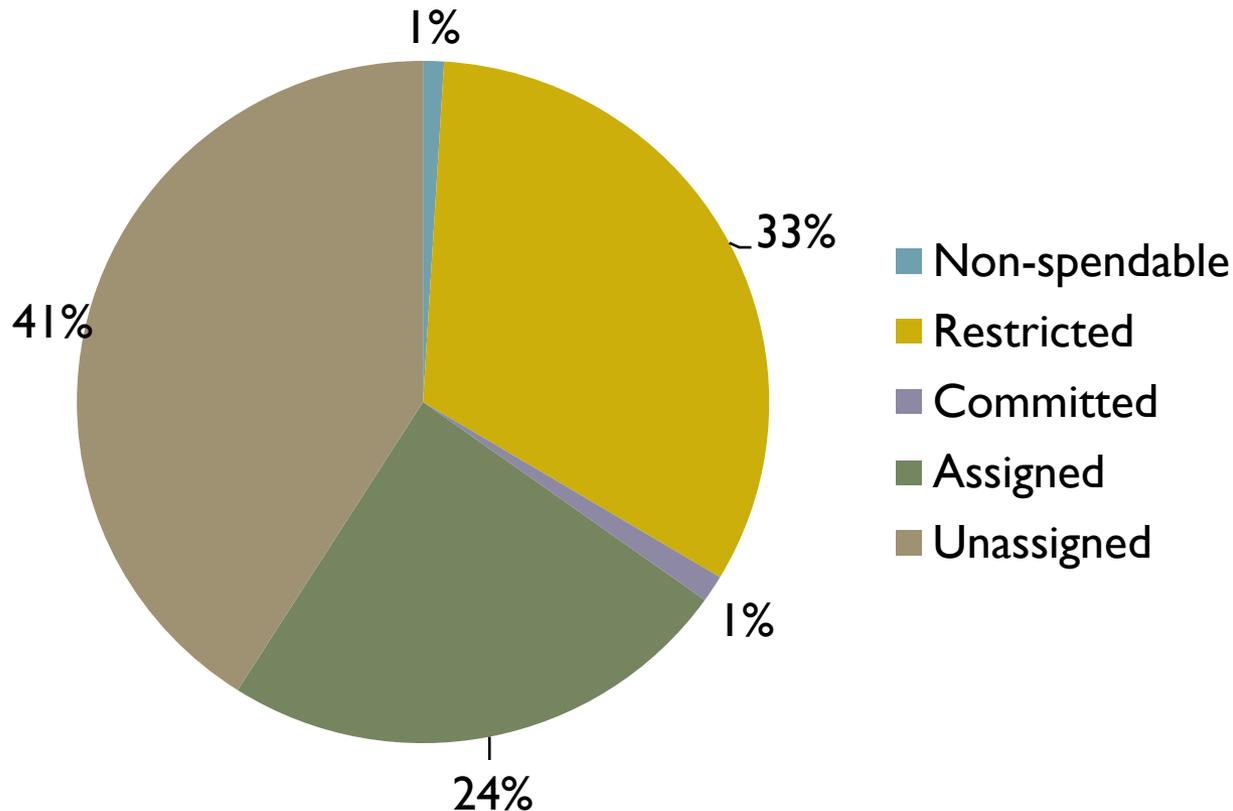
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Reappraisal Fund	371,643	382,150	390,541
Emergency Telephone Fund	-	18,116	18,766
Citizen Alert System Fund			6,582
General Capital Projects	1,348,500	1,300,500	1,727,777
Water & Sewer Fund	775,000	775,000	1,600,000
School Capital Fund	-	-	-
School Construction Fund	-6,612	-836,823	1,043,303
Transfers-In	-	-50,000	-50,000
Totals	2,488,531	1,568,794	4,737,748

- General Capital funds planned for Justice Center expansion, Social Services roof replacement, Old Library & Animal Shelter renovations, technology infrastructure & improvements, general renovations
- W&S funding includes one cent of property tax rate; one cent from 1/4 cent sales tax proceeds budgeted directly in W&S fund
- School Construction funding is for school/CVCC debt needed in subsequent years

Fund Balance - % of GF Expenditures



Catawba County Fund Balance Classifications



Non-spendable: Inventories, Prepaid taxes/bills

Restricted: State Statute, Register of Deeds-Technology, Debt Service

Committed: Revaluation-Tax, General Capital Reserve

Assigned: Reinvesting Funds, Subsequent Year's Expenditures ('15 budget)