

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

Paula Hodges, Partner

CATAWBA COUNTY, NC

12-7-2015

Audit Results

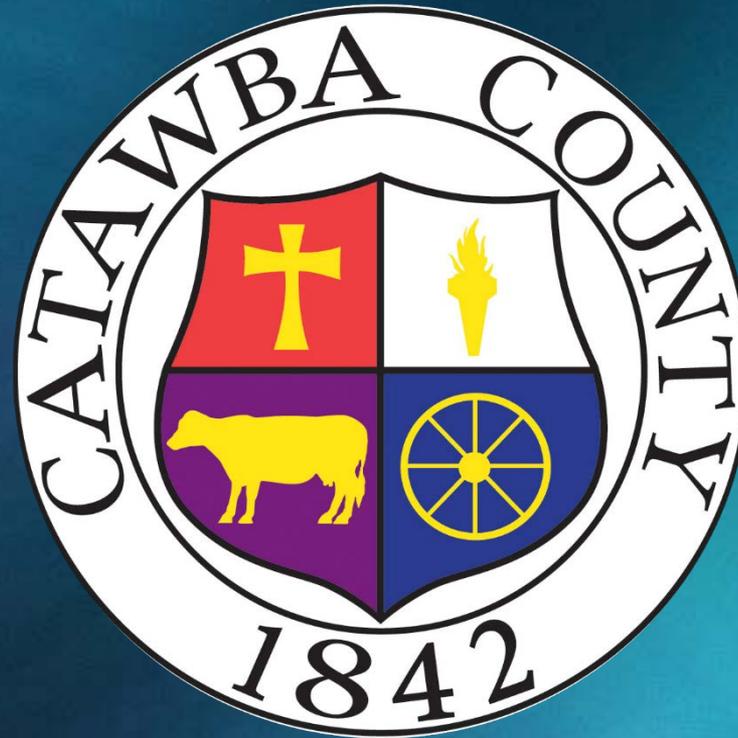
Audit Opinion

Compliance – Single Audit
(State/Federal Grants)

Management Letter

Financial Condition

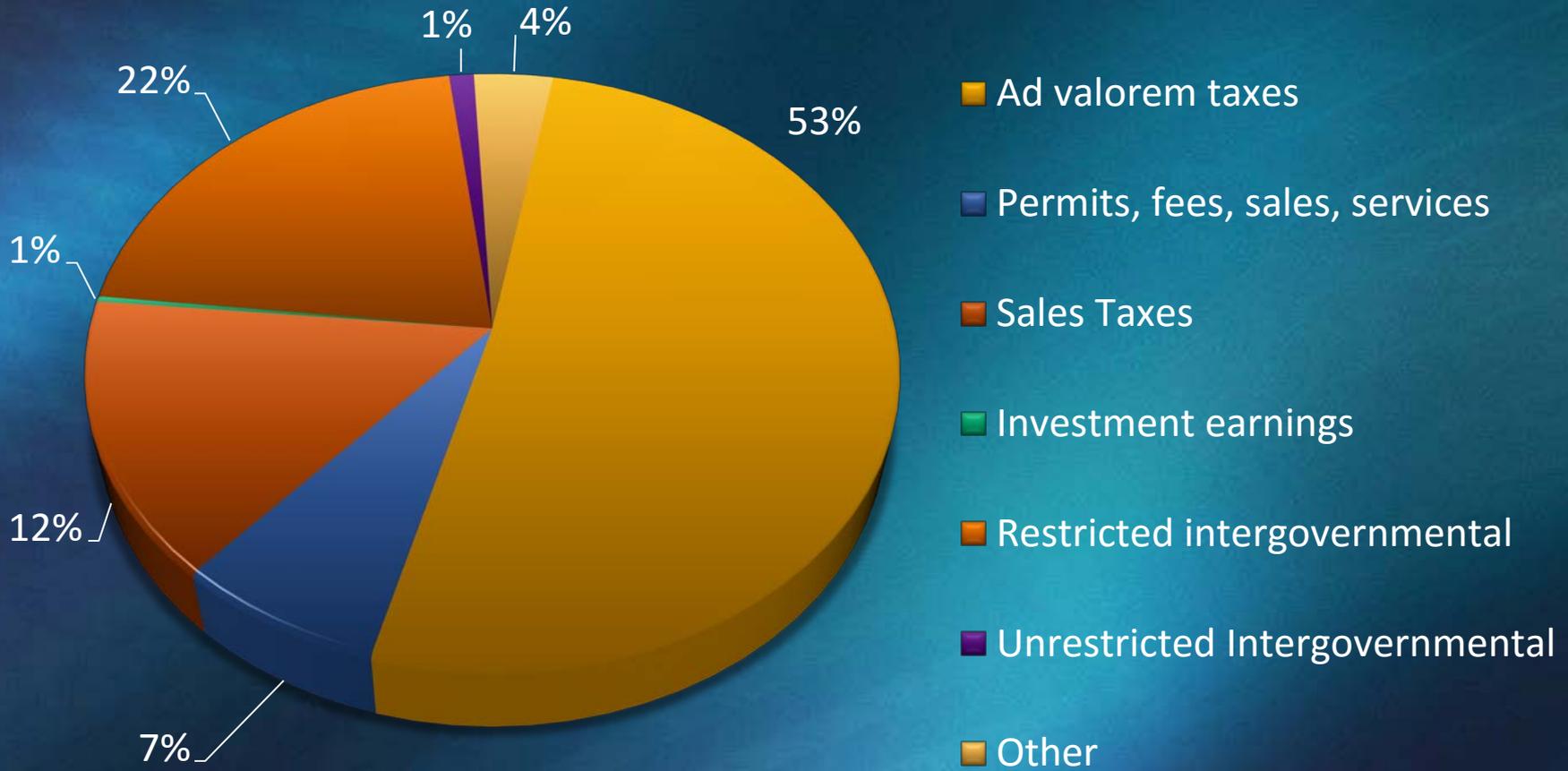
Fiscal Year 2014-15 Financial Report



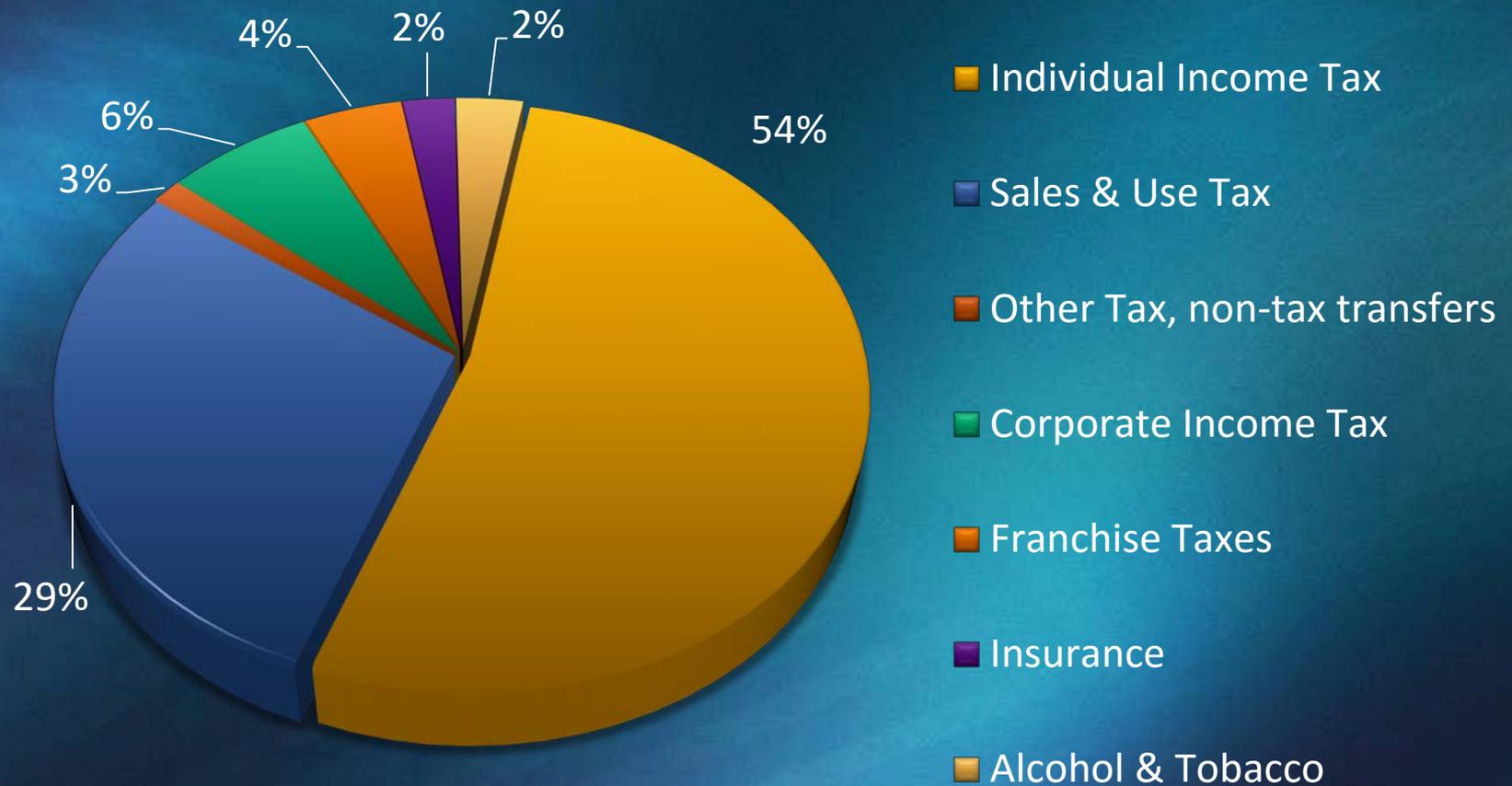
Jeanne C. Jarrett
Interim Finance Officer

December 7, 2015

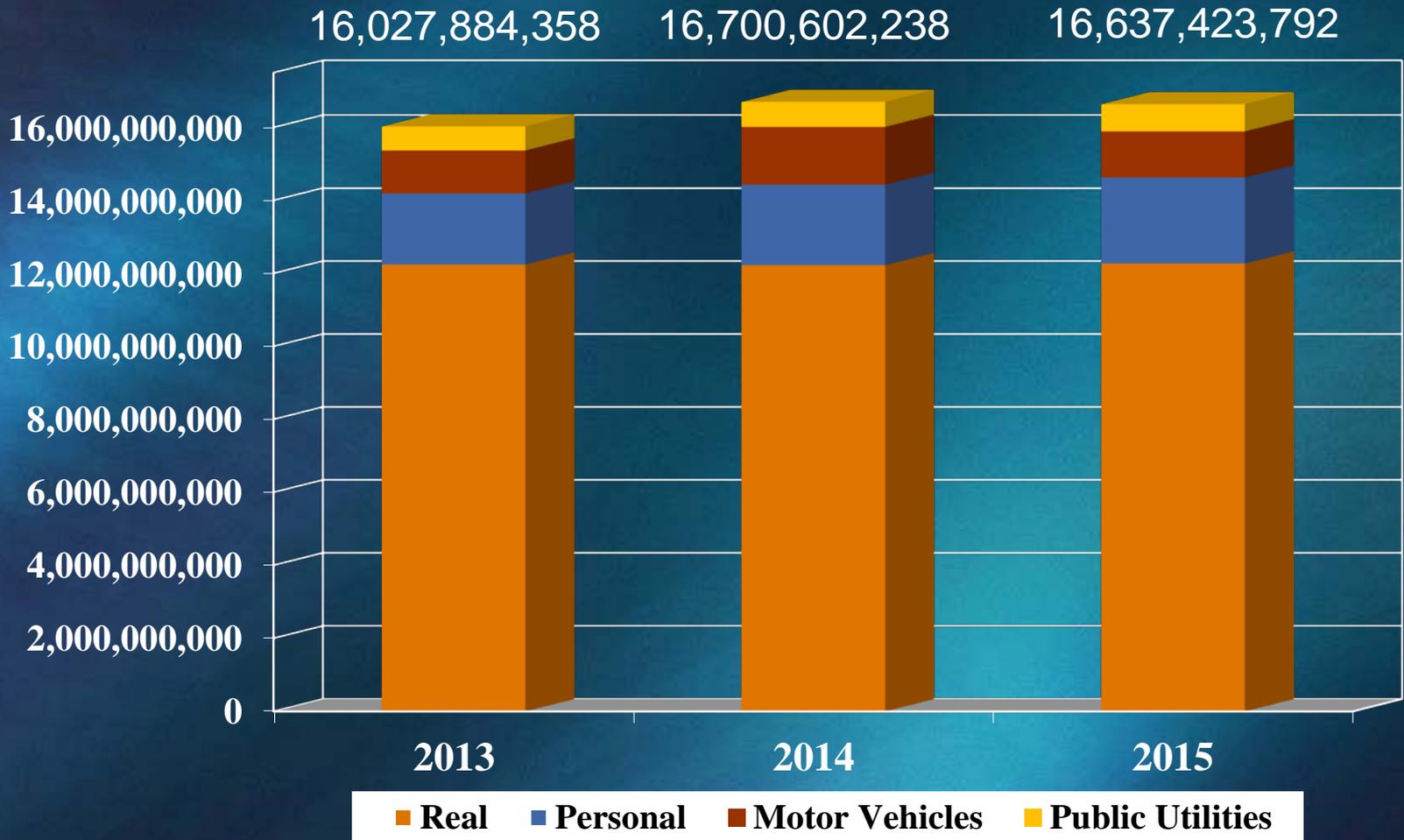
General Fund Revenues – Actual 2015



State of NC General Fund Tax Revenues- 2014

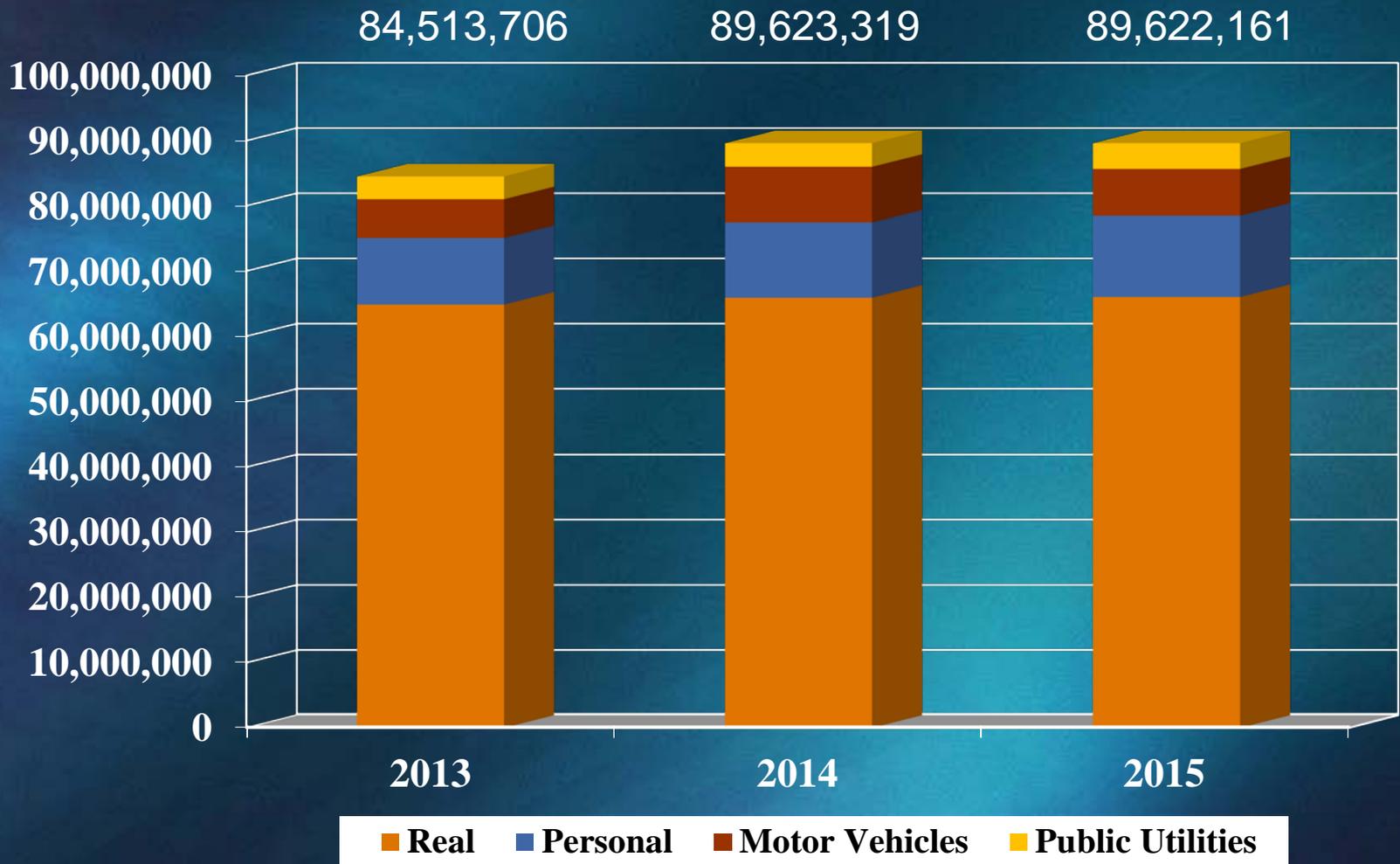


Property Tax Base



2015 Real property up \$43m, Personal up \$153m, Motor Vehicles down \$321m, Public Utilities up \$61m

Property Tax Revenues



- One time tax and tag of \$3.1 m in 2014.
- Collection rates of 95.87%/ 96.94%/ 98.0% last three years

Top Ten Taxpayers – 2015

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>	<u>Last Years Ranking</u>
Apple, Inc.	\$1,017,098,444	6.11%	1st
Duke Energy Corporation	600,483,790	3.61%	2nd
GKN Driveline, LLC	117,363,767	0.71%	3rd
CommScope, Inc.	100,691,349	0.61%	5th
Target Corporation	100,265,493	0.60%	4th
Draka Comteq Americas, Inc.	81,052,735	0.49%	6th
Frye Regional Medical Center	71,047,363	0.43%	7th
HSM Solutions (Hickory Springs)	57,035,228	0.34%	9th
Corning Cable Systems	53,670,136	0.32%	8th
Valley Hills Mall	<u>45,853,985</u>	<u>0.28%</u>	10th
Total	\$2,244,562,290	13.50%	

Top Ten Taxpayers - 2005

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>
Duke Energy Company	\$389,801,314	2.99%
CommScope, Inc	134,708,853	1.03%
Corning Cable Systems	89,099,468	0.68%
Getrag Gears	77,023,721	0.59%
Frye Regional Medical Center	60,949,639	0.47%
Draka Comteq Americas	60,372,459	0.46%
Hickory Springs Mfg. Co.	58,469,014	0.45%
Central Telephone Company	49,415,557	0.38%
Shuford Mills/Shuford Development	48,822,799	0.37%
Valley Hills Mall	<u>48,208,516</u>	<u>0.37%</u>
Total	\$1,016,871,340	7.79%

2014-15 Tax Rate NC Counties



- 5th lowest among 27 urban (>100,000 pop.) counties:
Brunswick, Craven, Henderson, Iredell
- 25th lowest out of 100 Counties in NC

Permits/Fees/Sales/Services

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Register of Deeds	\$606,483	\$518,858	\$515,277
Building Permits	1,136,891	1,099,708	1,341,160
Ambulance Fees	5,577,440	5,623,670	5,610,577
Medicaid Fees	1,380,553	922,882	1,047,510
Home Health/3rd Party	2,712,273	3,195,687	2,298,634
Environmental Health	256,247	265,982	261,067
Other	<u>2,179,686</u>	<u>1,867,324</u>	<u>1,599,018</u>
Total	\$13,849,573	\$13,494,111	\$12,673,243

- Register of Deeds – recording fees (real estate, power of atty, separation) down slightly
- Building permit revenues up 22%
- Ambulance/patient fees down slightly
- Home Health fees down 28%

Sales Tax Components

Article 39 – 1 cent (1971), countywide sales

Article 40–½ cent (1983), statewide sales – distributed per capita

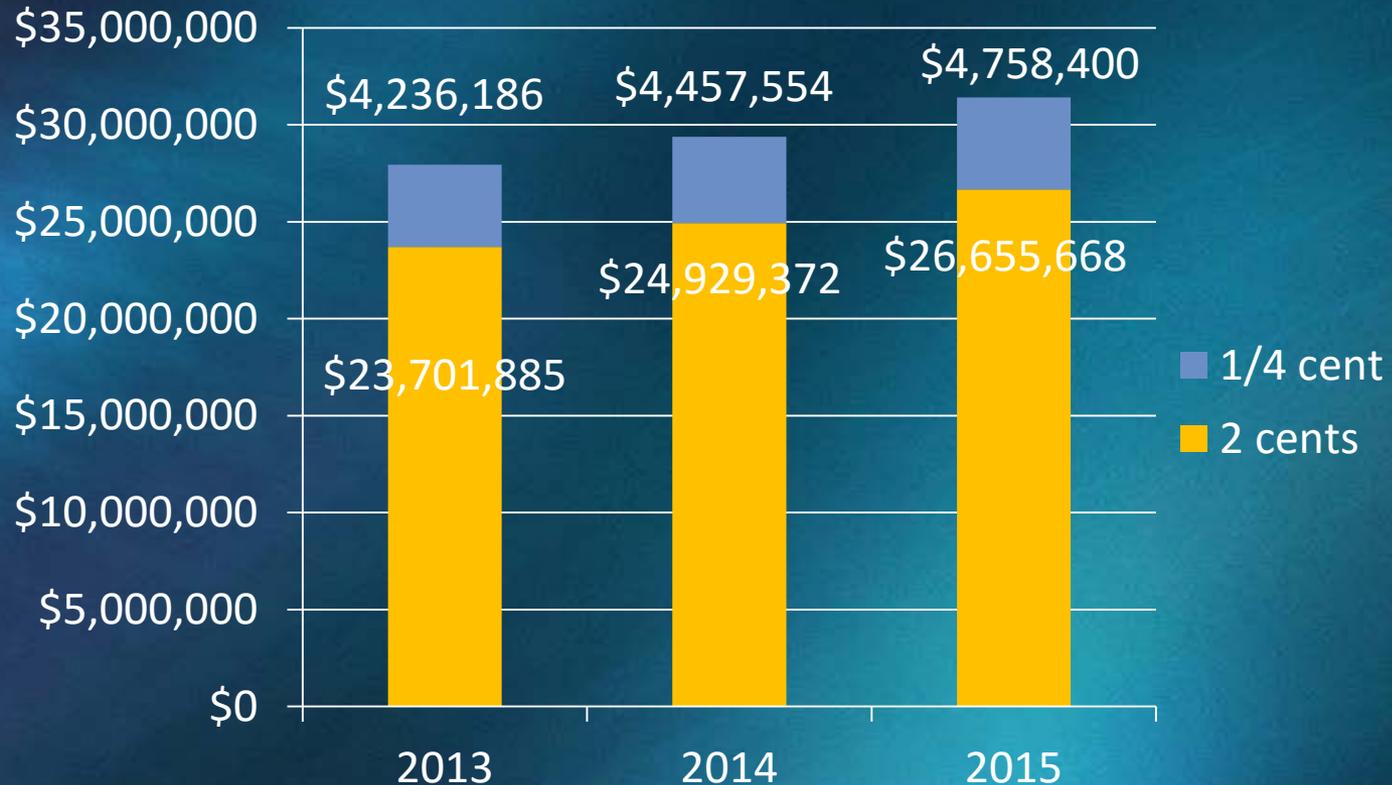
Article 42–½ cent (1986), statewide sales – distributed per capita
(changed to countywide in Oct 09)

Article 46-¼ cent (Apr, 2008) countywide sales

**Not required to distribute to municipalities*

Total of 2-1/4 cents in local sales tax revenues

Sales Tax Revenues



- Two-cent collections were up \$1.7m in '15
- ¼ cent collections pledged to fund:
Justice Center Expansion, 911 Center, Emergency Operations Center,
Water & Sewer, Economic Development & School Operating Needs

Retail Sales by County

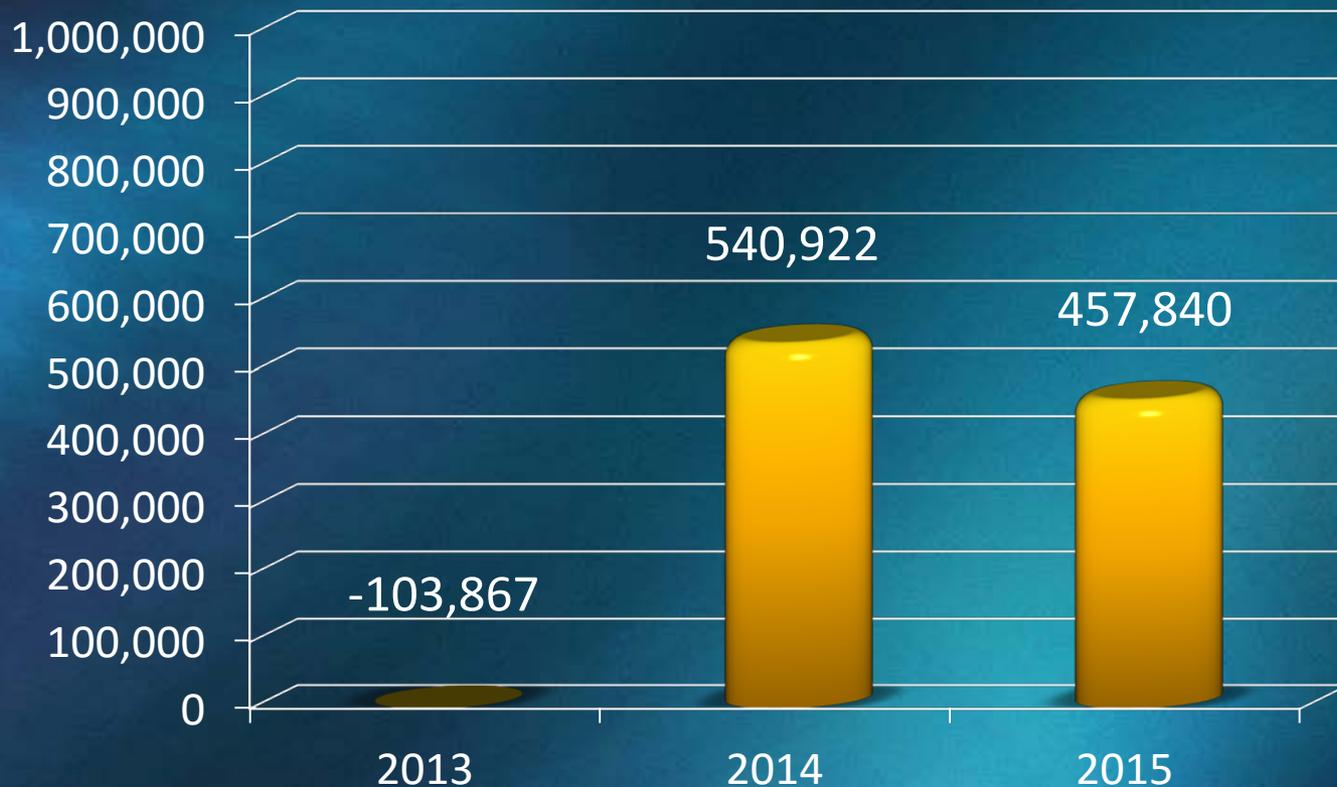
	<u>2013-2014</u>	<u>2014-2015</u>	<u>% chg.</u>
Mecklenburg	\$16,427,509,693	\$18,298,730,968	11.39%
Wake	12,076,260,772	13,296,228,987	10.10%
Guilford	5,871,111,690	6,449,699,410	9.85%
Durham	5,501,325,031	6,097,770,417	10.84%
Forsyth	4,185,903,565	4,550,173,369	8.70%
Buncombe	3,789,896,675	4,305,329,030	13.60%
New Hanover	3,384,865,474	3,757,376,202	11.01%
Cumberland	3,509,005,624	3,693,046,187	5.24%
Cabarrus	2,594,482,141	2,844,707,240	9.64%
Pitt	1,851,120,121	2,021,702,242	9.22%
Alamance	1,848,663,953	1,999,751,134	9.88%
Iredell	1,785,375,866	1,983,235,210	11.08%
Catawba	1,809,994,214	1,959,758,086	8.27%
Onslow	1,848,663,953	1,876,170,696	1.49%
Gaston	1,633,818,989	1,795,763,072	9.91%
Union	1,460,830,264	1,610,426,785	10.24%

- 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 – Catawba County

	<u>FY 2013-14</u>	% Change	<u>FY 2014-15</u>	% Change
2%/3% - mfg. homes, boats, airplanes	20,636,970	.91%	17,865,471	-13.42%
Apparel	102,241,687	5.45%	106,843,299	4.50%
Automotive	138,714,199	8.40%	164,551,641	18.63%
Food	362,561,873	19.60%	384,187,868	4.58%
Furniture	82,556,331	4.50%	88,235,970	6.88%
General Merchandise	515,598,267	28.16%	551,785,382	7.02%
Lumber/Building Material	190,473,593	9.71%	190,282,210	-.10%
Unclassified-hotels/office machines/bookstores	<u>397,211,294</u>	23.27%	<u>456,006,245</u>	14.80%
Total	\$1,809,994,214	100.00%	\$1,959,758,086	8.27%

General Fund Investment Earnings



- Avg. yield @ 6/30: .45% .90% 1.09%
- GASB 31 adjustment @6/30 – adjust to market value
- Revenue earned of \$426,372 before adjustment in 2013
- Total investment earnings of \$1.4 million countywide in 2015

Restricted Intergovernmental Revenues



- Social Services -Smart Start, Medical Transportation; Medicaid Admin, Child day care
- Public Health - WIC, School Health Nurses
- Other - Jail bed rental, State Aid-library, Lottery funds for school debt

Unrestricted Intergovernmental Revenues

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Beer and Wine Taxes	339,018	369,182	401,014
ABC Board Distribution	895,000	895,000	912,575
Video Programming Fees	653,048	638,010	636,539
Totals	\$1,887,066	\$1,902,192	\$1,950,128

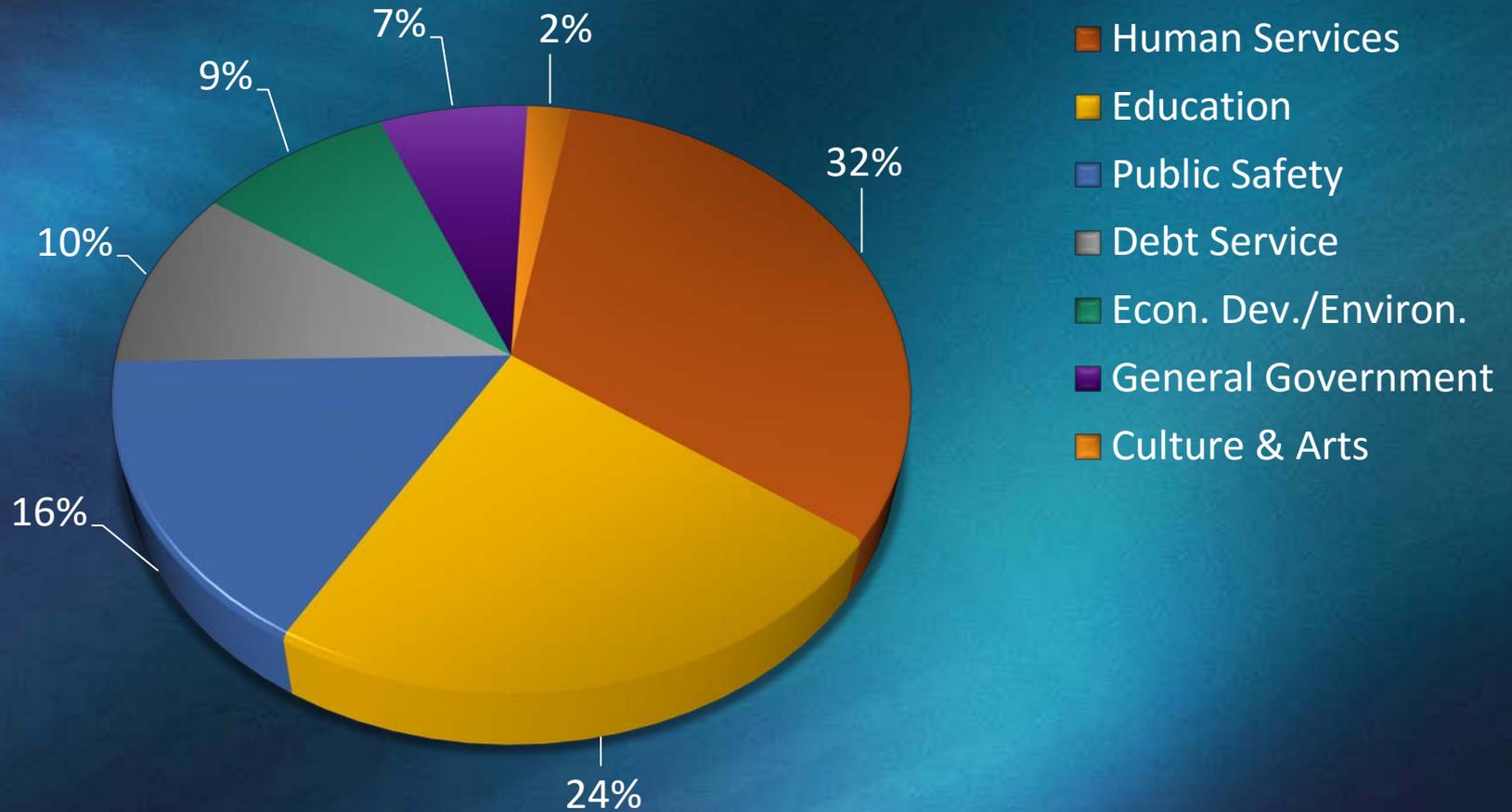
- Beer and Wine taxes up 8.6%
- State sales tax on Telecommunication, Video Programming and Satellite TV services

Other Revenues

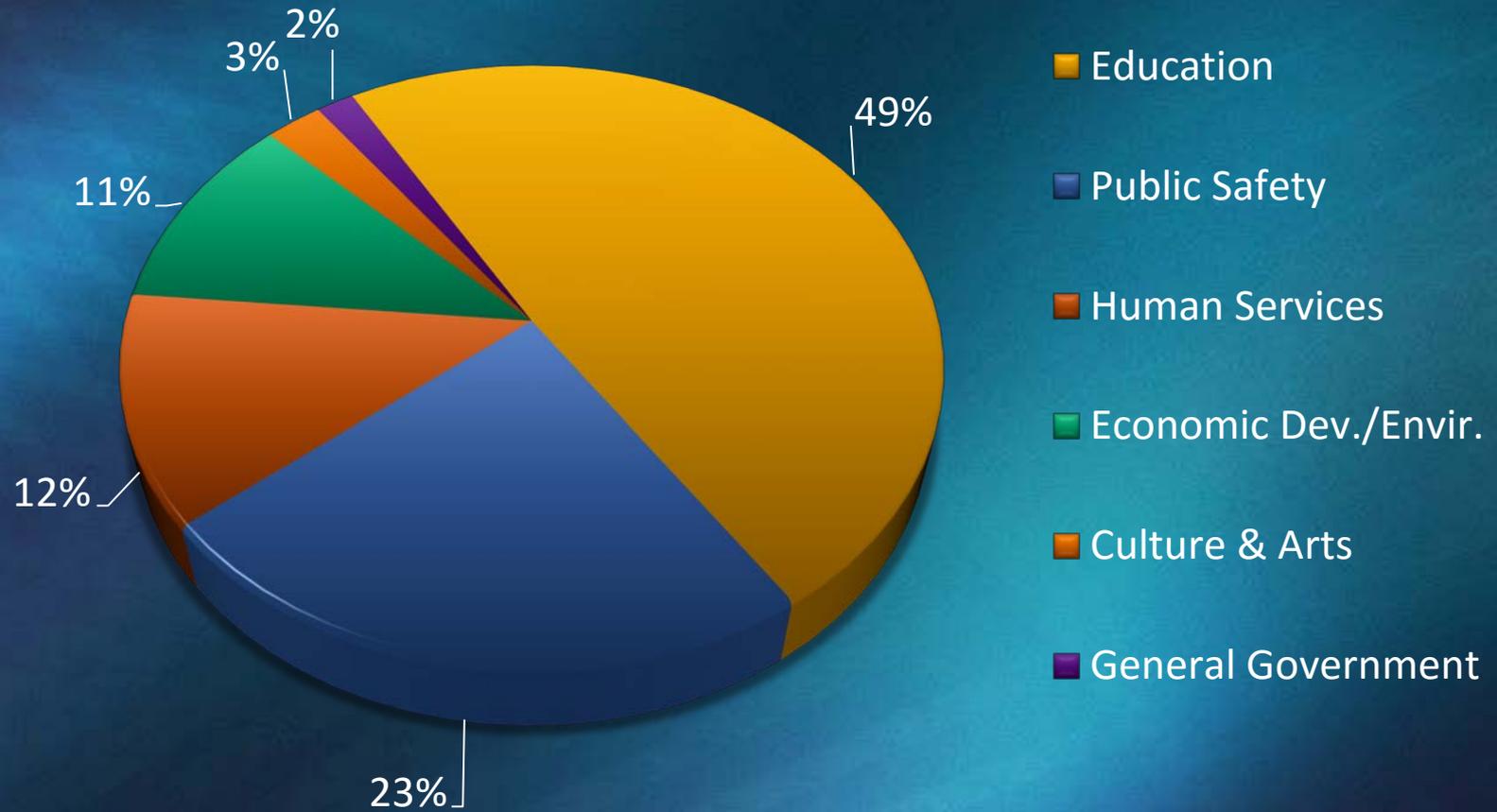
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Employee Health & Dental Premiums	1,727,812	1,660,109	1,626,111
Other	1,044,692	1,230,676	4,595,235
Total	\$2,772,504	\$2,886,785	\$6,221,346

- Health/Dental premiums associated with different insurance plans
- Sale of St. Stephens Elementary property \$3.4 million
- Other:
 - grant funds (Susan G. Komen), lease of property (ESC, cell towers, etc.), insurance settlements, donations, miscellaneous revenues

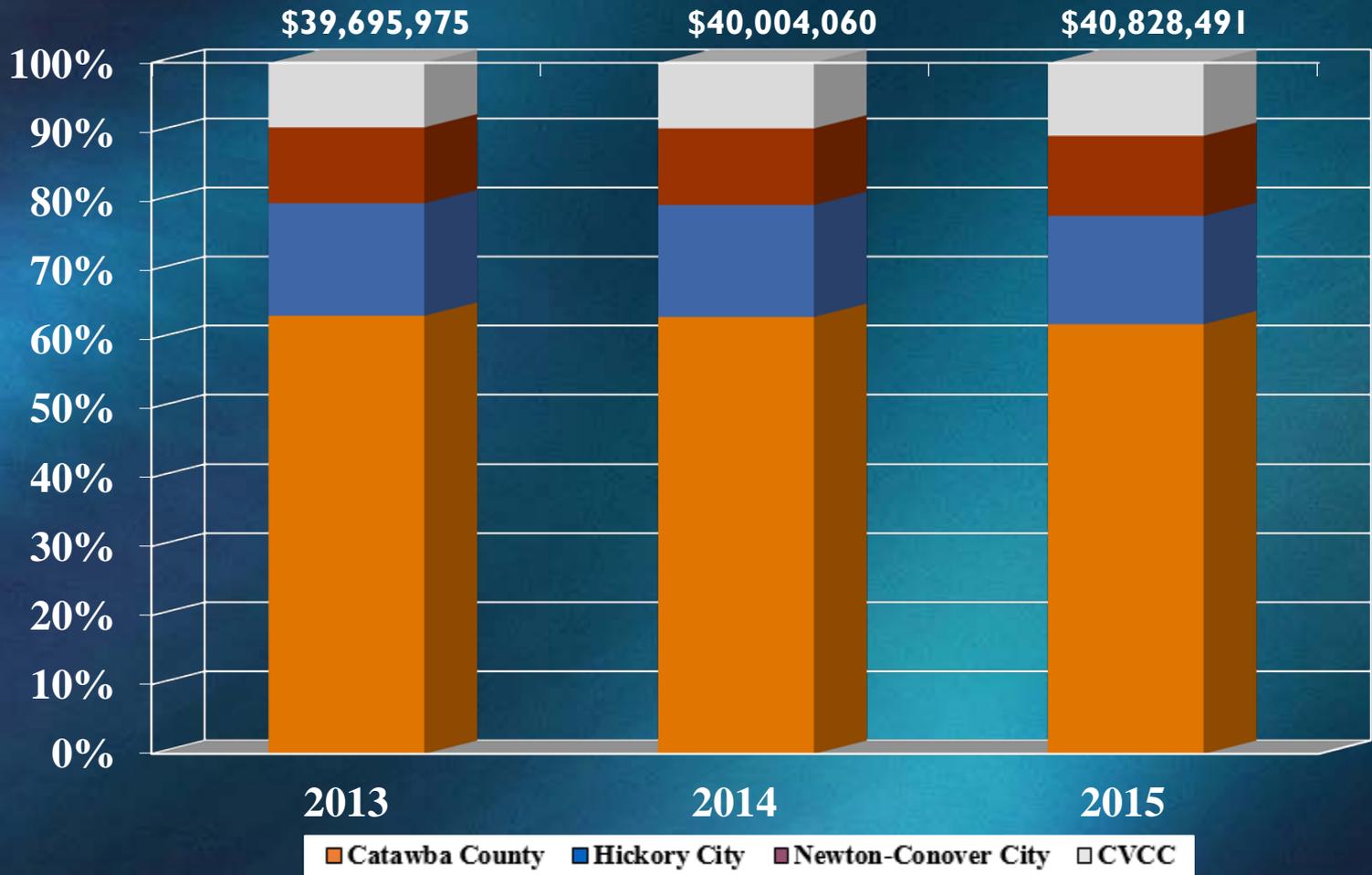
General Fund Expenditures - 2015



Where do the Local Sales and Property Tax Dollars Go?



Education



In 2015, County school contribution is \$1,475 per student; County's ranking is 15th for current expense funding

CVCC funding is \$3.8m, ranked 18th out of 58 NC community colleges

Human Services

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mental Health	757,037	642,321	570,784
Social Services	35,941,238	35,817,896	36,818,987
Public Health	<u>11,371,476</u>	<u>10,654,519</u>	<u>10,277,229</u>
Total	48,069,751	47,114,736	47,667,000

- **Mental Health** – Contract with Partners Behavioral Health Management to fund various MH services; pass through funds from ABC Board contract
- **Social Services** – \$242K increase in Family Preservation; \$256K increase in Public Asst Admin; \$790k increase in Children’s Purchase of Services
- **Public Health** – \$243K decrease in Home Health

Public Safety

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Sheriff	13,997,373	14,861,276	15,049,783
Emergency Services	8,983,001	9,095,498	9,,894,875
Communication Center	<u>1,581,830</u>	<u>1,652,851</u>	<u>1,615,774</u>
Total	24,562,204	25,609,625	26,560,432

- **Sheriff's office** – 2014 added five new road patrol deputies and vehicles based on 6% increase in call volume, replaced seventeen vehicles; 2015 added two new road patrol deputies and vehicles; replaced fifteen vehicles
- **Emergency Services** – 2014 replaced three ambulances and a Hazmat truck; 2015 - added four ambulances, other emergency equipment, ambulance billing fees
- **Communication Center** – no significant changes in 2015

General Government



•Finance – 2015 ambulance billing fees in EMS; 2015 Health/Dental Insurance increased by \$169k; Prop./Liability – down (\$179k); Worker’s Comp – down (\$117K)

Economic & Physical Development



Includes IT, Planning/Parks, Utilities & Eng., Econ. Development, Coop. Extension & Facilities operations; Increase of \$439k in incentives that are offset by increased tax revenues

Culture & Arts



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

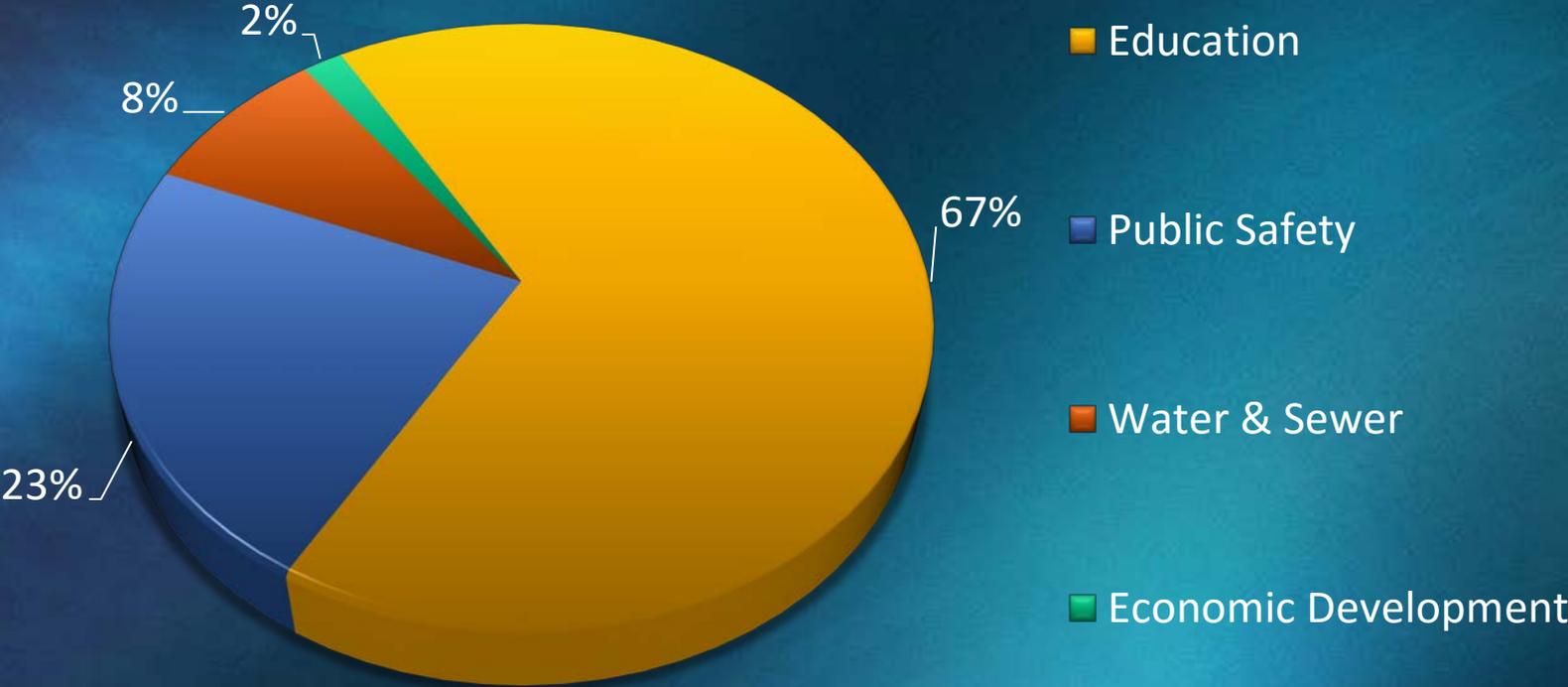
2015: operating increases in new SF library; LSTA Grant expenses of \$146k

General Fund Transfers

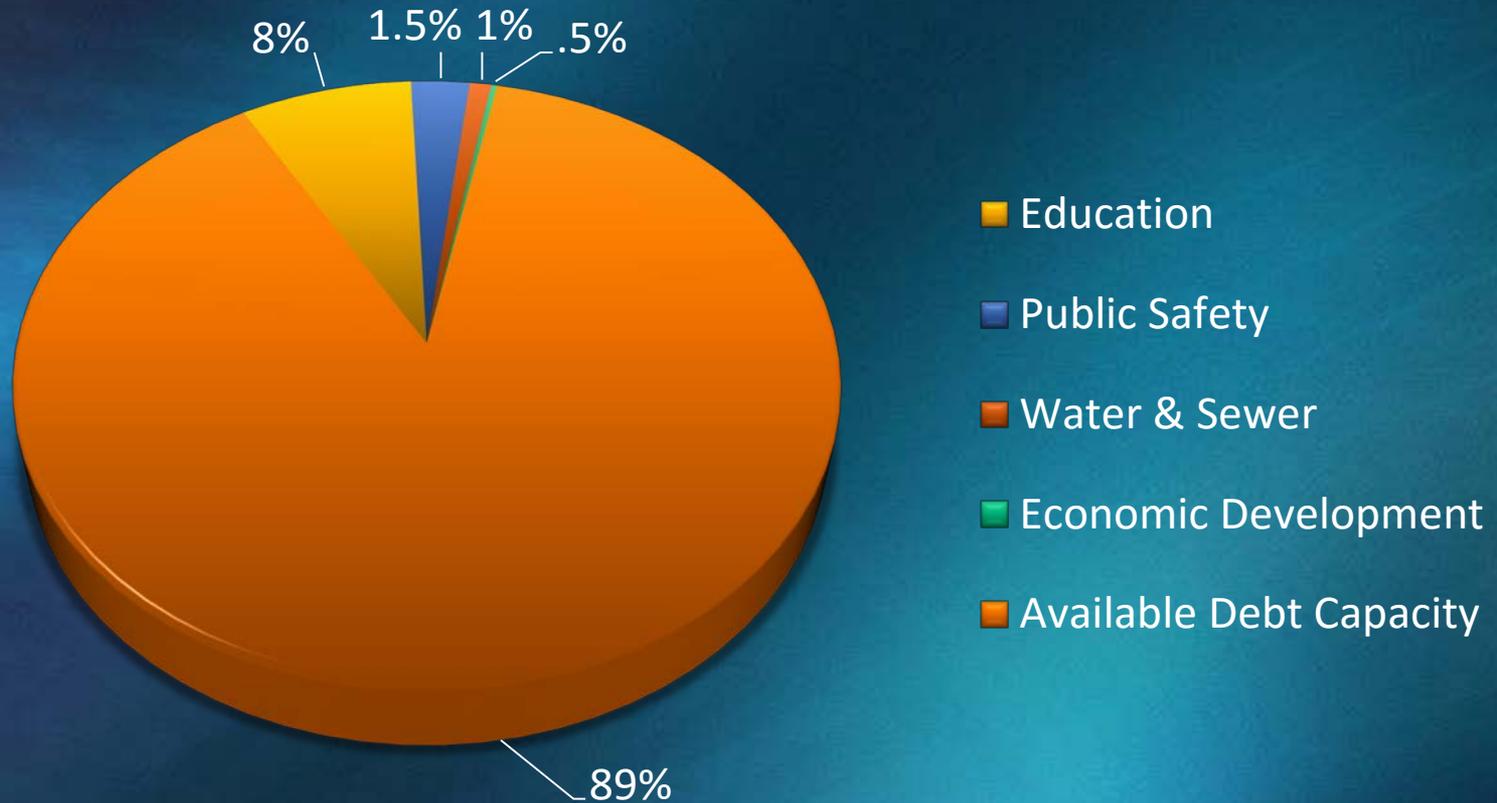
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Reappraisal Fund	382,150	390,541	369,763
Emergency Telephone Fund	18,116	18,766	1,350
Citizen Alert System Fund		6,582	
General Capital Projects	1,300,500	1,727,777	1,225,000
Water & Sewer Fund	775,000	1,600,000	800,000
School Capital Fund	-	-	-
School Construction Fund	-836,823	1,043,303	3,185,358
Transfers-In	-50,000	-50,000	-542,571
Total	1,588,943	4,736,969	5,038,900

- General Capital funds planned for Jail expansion, Elections equipment, technology infrastructure & improvements, general renovations
- W&S funding includes one-half cent of property tax rate for infrastructure projects
- School Construction funding is for school/CVCC debt needed in subsequent years

Uses of Outstanding Debt - 2015



County Debt Capacity - 2015

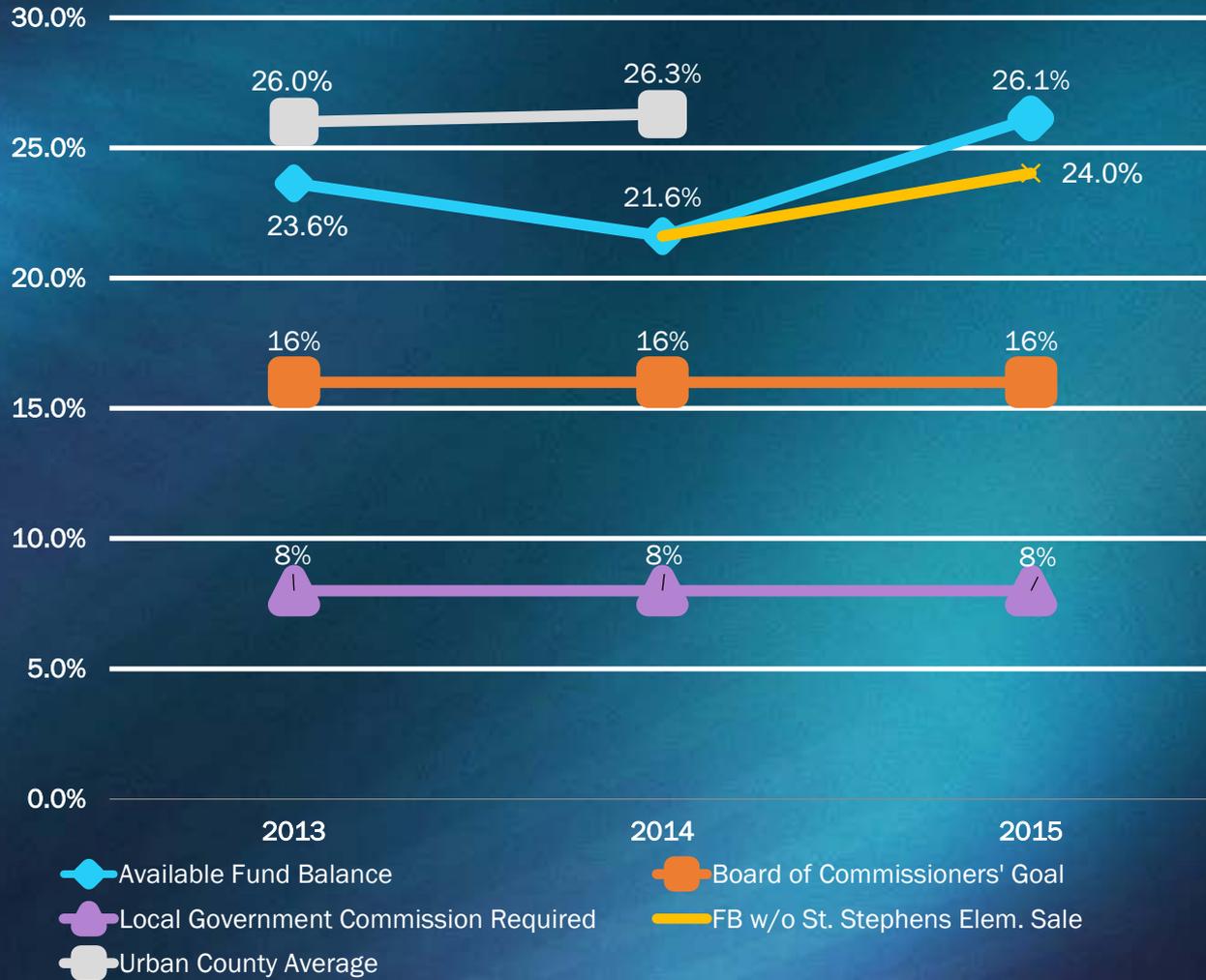


Credit rating: Moody's: Aa1/Standard & Poor's: AA

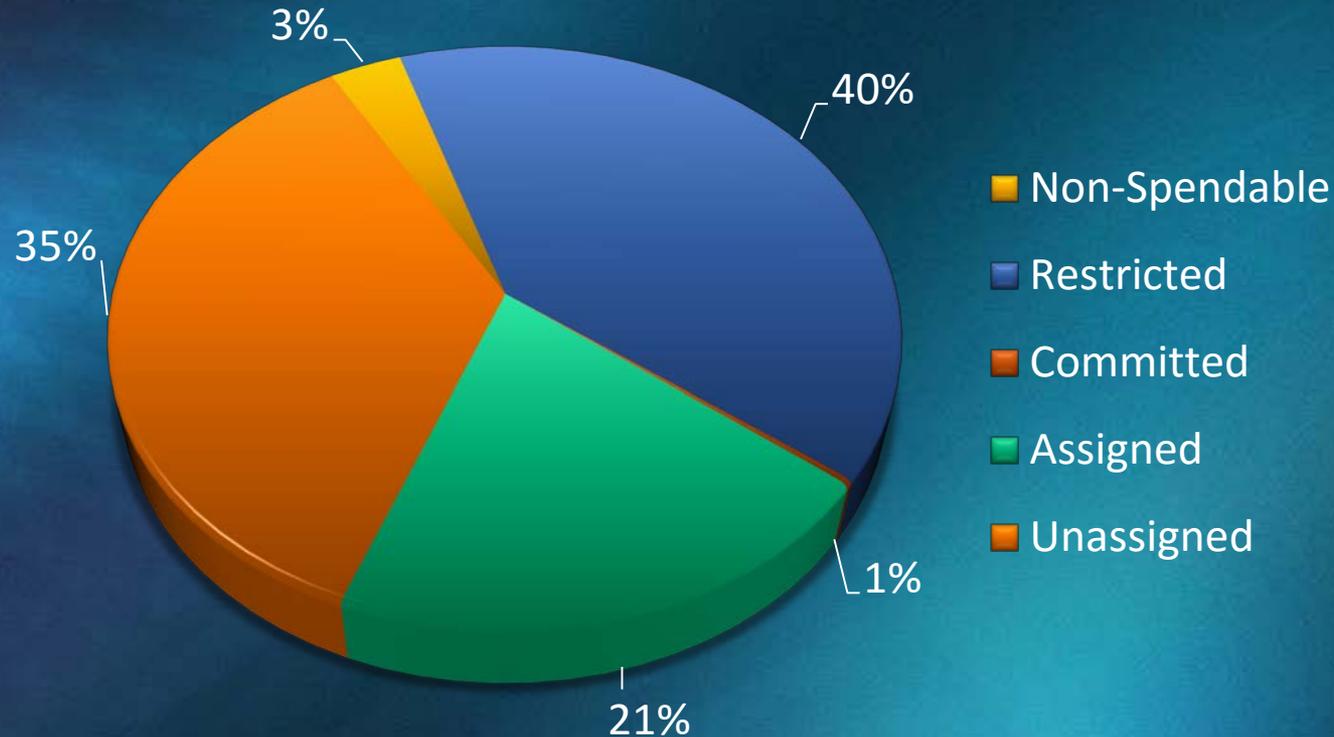
- 2015 debt per capita = \$976 (\$1,068 in 2014)
- 2014 average of 21 similar-sized counties = \$1,137

\$152.1 million in outstanding debt; \$1.17 billion available (11% of limit)

Fund Balance - % of GF Expenditures



Catawba County General Fund Balance Classifications



Non-spendable: Inventories, Prepaid taxes/bills, Notes Receivable

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

Committed: Tax Revaluation

Assigned: Reinventing Funds, Subsequent Year's Expenditures ('16 budget)