

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

Paula Hodges, Audit Manager

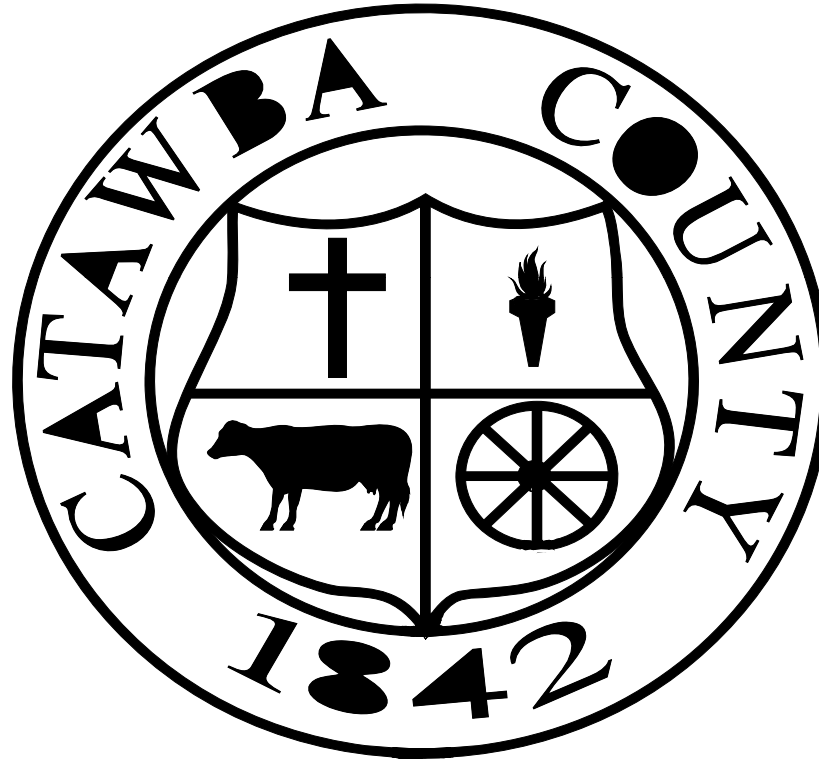
CATAWBA COUNTY, NC

12-04-06

Audit Results

- Compliance – Management letter
- Unqualified opinion
- Unreserved fund balance \$23,688,338
- Increase in fund balance for 2006= \$3,699,854
- Unreserved fund balance is 15.3 % of general fund expenditures
- Financial Condition

Fiscal Year 2005-06 Financial Report



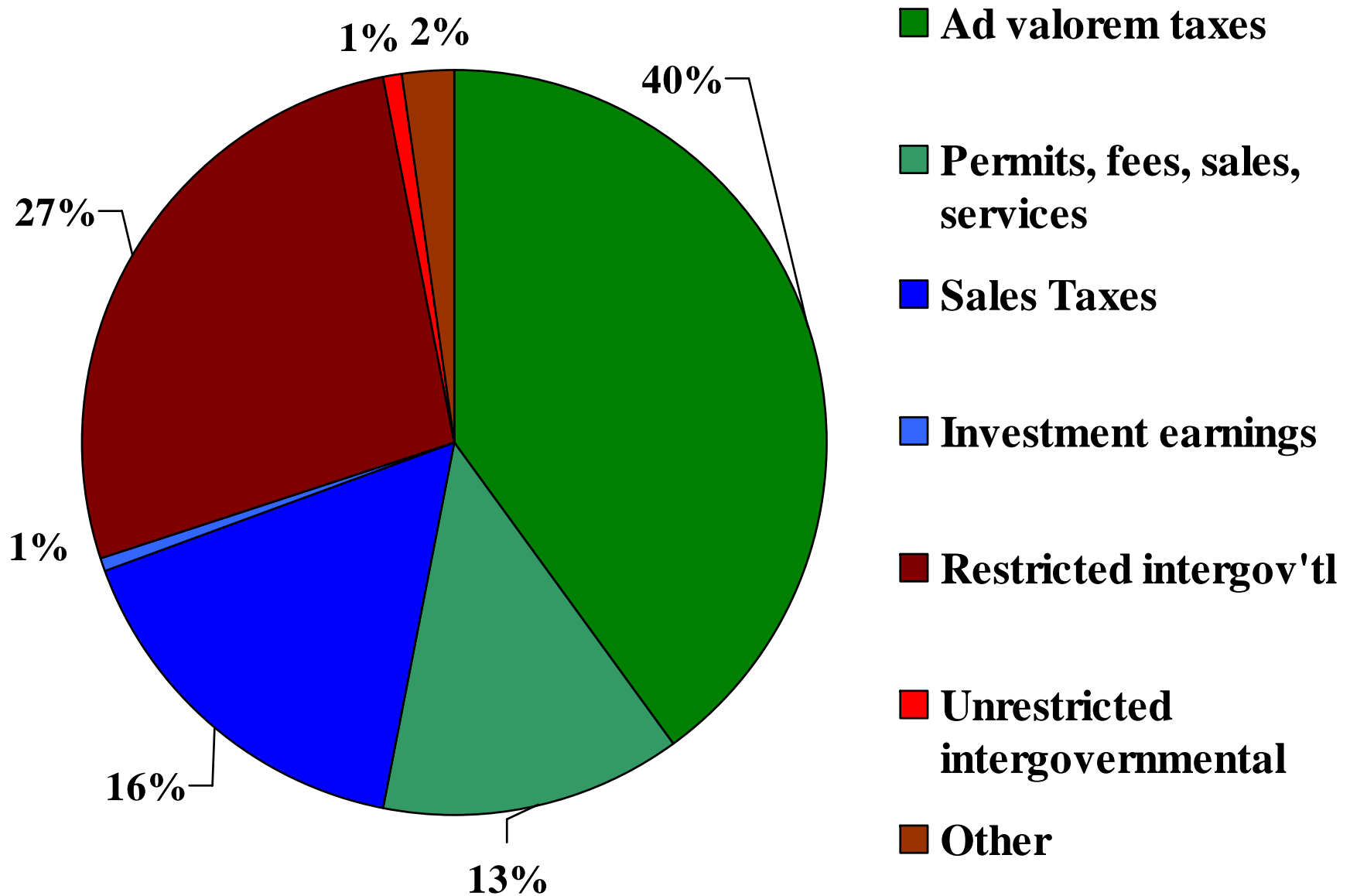
Rodney N. Miller
Finance Director

Year-End Analysis

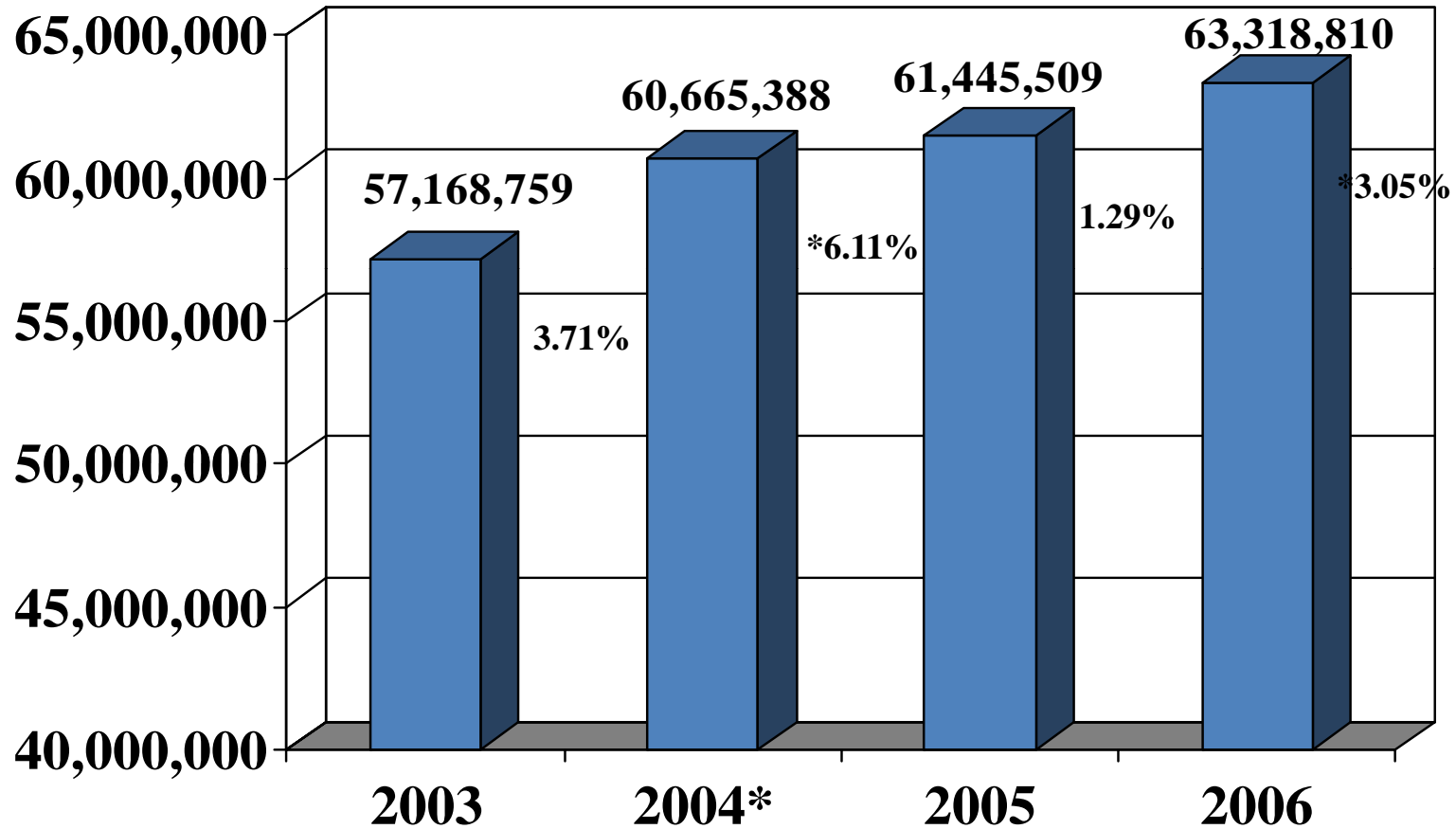
	<u>2005</u>	<u>2006</u>
General Fund Revenues	\$151,506,658	\$156,651,461
General Fund Expenditures	<u>\$146,755,594</u>	<u>\$152,951,607</u>
Increase in fund balance	\$4,751,064	\$3,699,854

- Revenues increased by 3.4% from 2005
- Expenditures increased by 4.2% from 2005

General Fund Revenues – Actual 2006

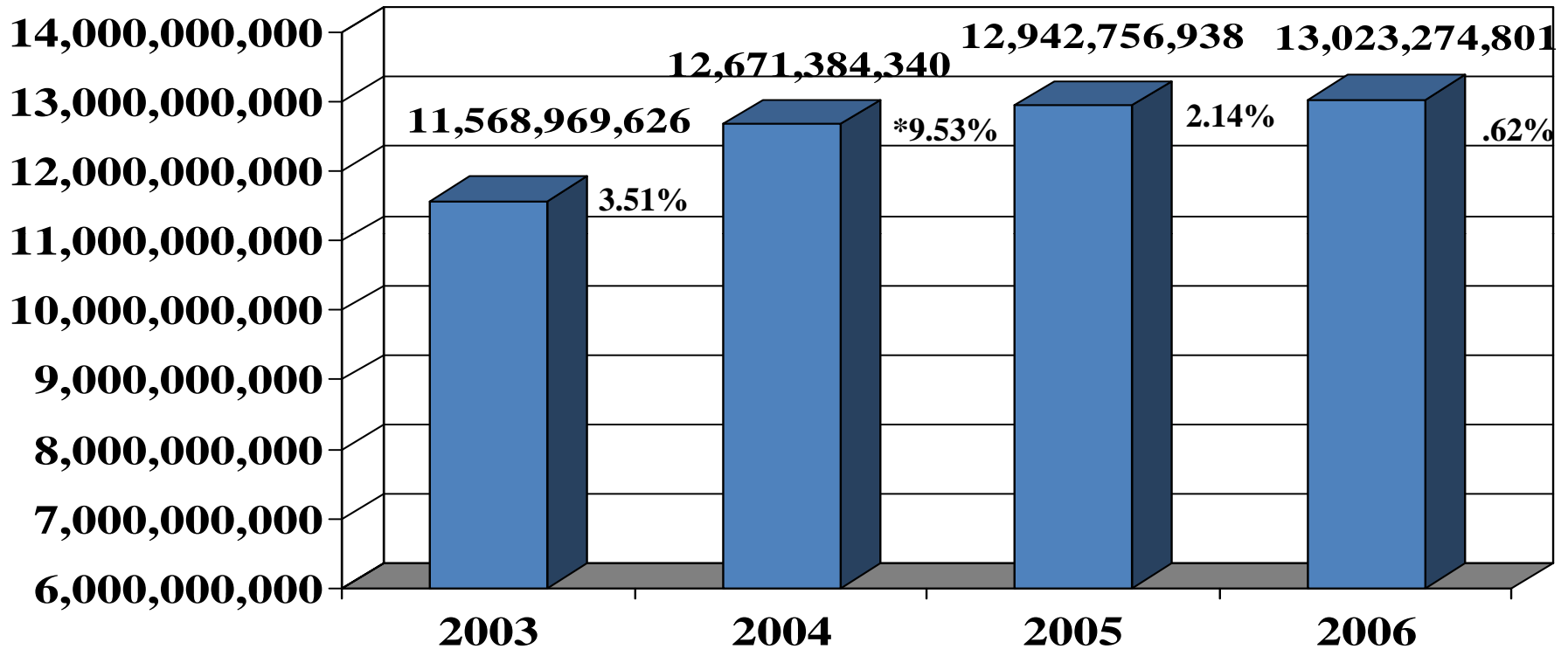


Property Tax Revenues



2004 – Revenue neutral plus 2-1/2 cents, normal growth of \$250k
2006 – One cent tax increase, normal growth of \$570k, .93%

Property Tax Base History



- Projected increases of .7% in FY 2006 and 1.1% in FY 2007
- Revaluation in 2004, projections of 7-8% in FY 2008

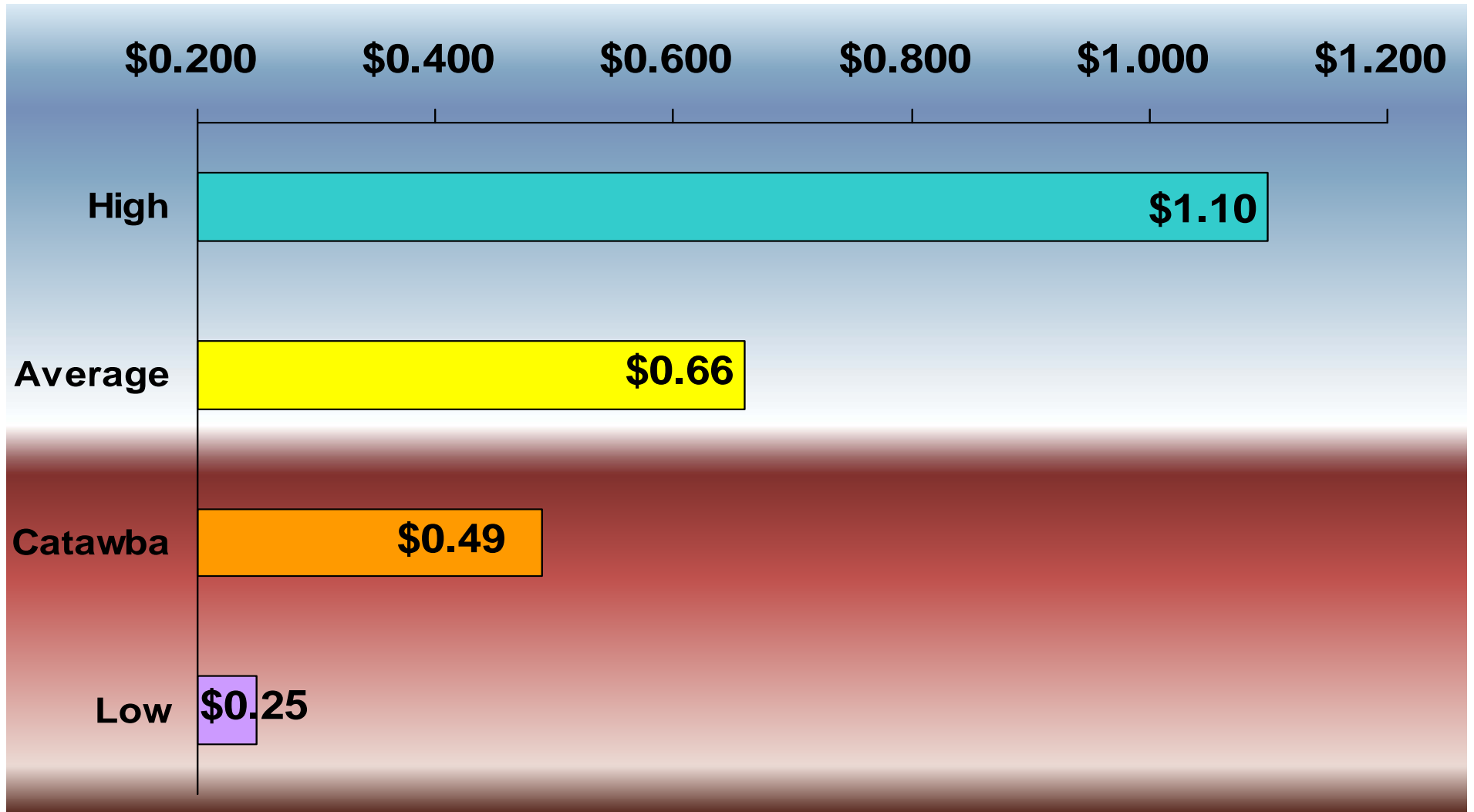
Top Ten Taxpayers - 2006

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>	<u>Last Yrs. Ranking</u>
Duke Energy Corp.	\$389,801,314	2.99%	1st
CommScope, Inc.	134,708,853	1.03%	2nd
Corning Cable Systems	89,099,468	.68%	3rd
Getrag Gears of N/A	77,023,721	.59%	5th
AMIREIT/Frye Regional Medical	60,949,639	.47%	6th
Draka Comteq Americas, Inc.	60,372,459	.46%	4th
Hickory Springs Mfg. Co.	58,469,014	.45%	7th
Central Telephone Company	49,415,557	.38%	8th
Shuford Mills/Shuford Development	48,822,799	.37%	9th
Valley Hills Mall	<u>48,208,516</u>	<u>.37%</u>	10th
Total	\$1,016,871,340	7.79%	

Top Ten Taxpayers – 2005

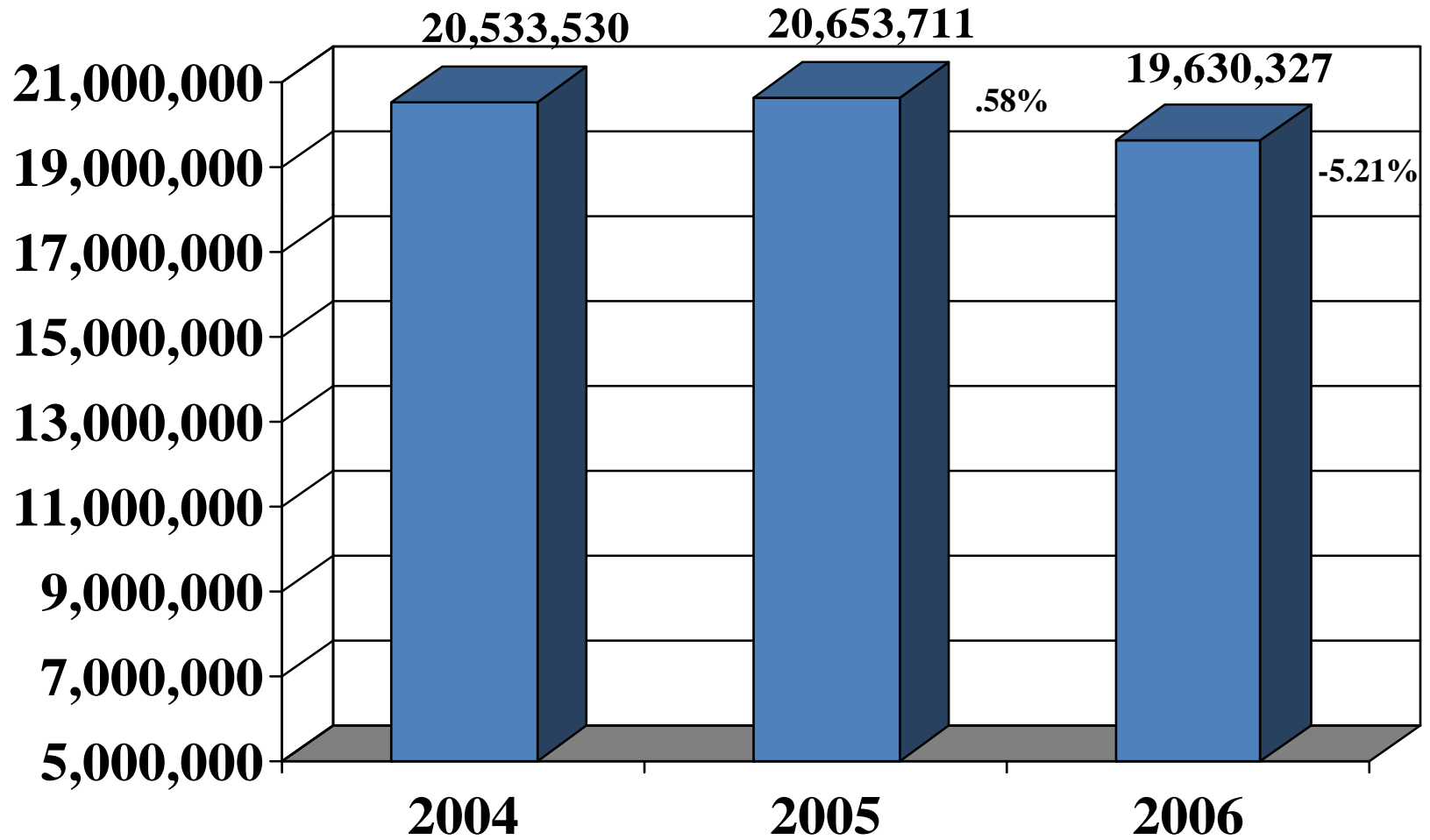
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total</u>	<u>Last Yrs. Ranking</u>
Duke Energy Corp.	\$356,728,514	2.76%	1st
CommScope, Inc.	151,697,472	1.18%	3rd
Corning Cable Systems	106,234,298	.82%	2nd
Alcatel N.A. Inc.	97,661,411	.76%	4th
Getrag Gears	77,537,250	.60%	5th
AMIREIT/Frye Regional Medical	64,164,211	.50%	7th
Hickory Springs	59,311,485	.46%	8th
Central Telephone Company	54,549,996	.43%	6th
Shuford Mills/Shurtape	49,967,394	.39%	9th
Valley Hills Mall	<u>48,198,940</u>	<u>.38%</u>	10th
Total	\$1,066,050,971	8.28%	

2005-06 Tax Rate NC Counties



2nd Lowest among 23 Urban (>100,000 population) Counties
11th Lowest out of 100 Counties in NC

Permits/Fees/Sales/Services

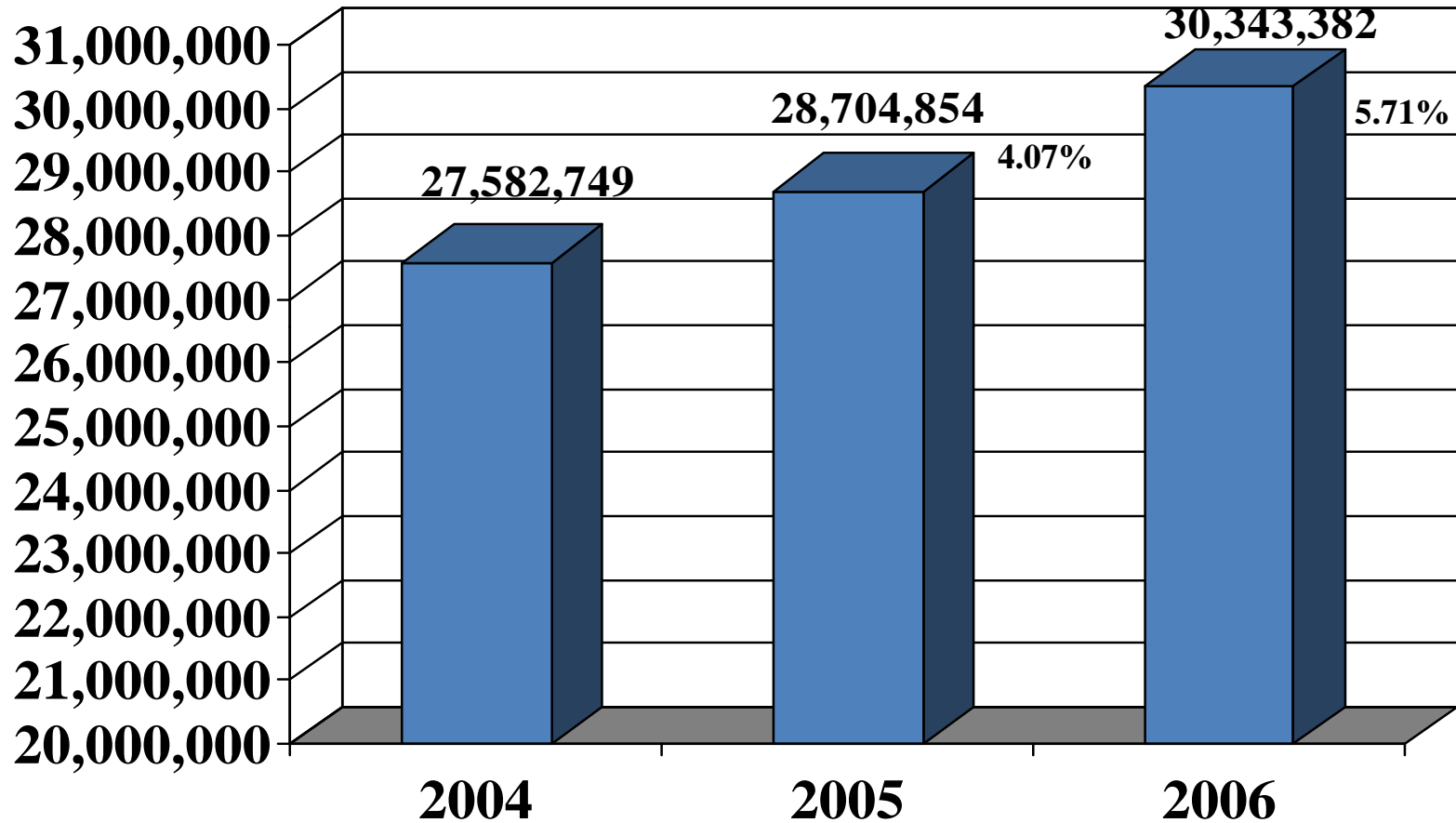


Permits/Fees/Sales/Services

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Register of Deeds	964,893	809,324	842,050
Building Permits	1,470,216	1,951,102	1,627,240
Ambulance Charges	2,255,617	2,822,297	3,459,489
Medicaid Fees	6,764,919	4,612,476	2,976,940
Home Health/3 rd Party	2,381,467	2,463,965	2,599,371
Medicaid Contracts	3,366,348	4,865,496	5,300,693
Other	<u>3,330,070</u>	<u>3,129,051</u>	<u>2,824,544</u>
Totals	20,533,530	20,653,711	19,630,327

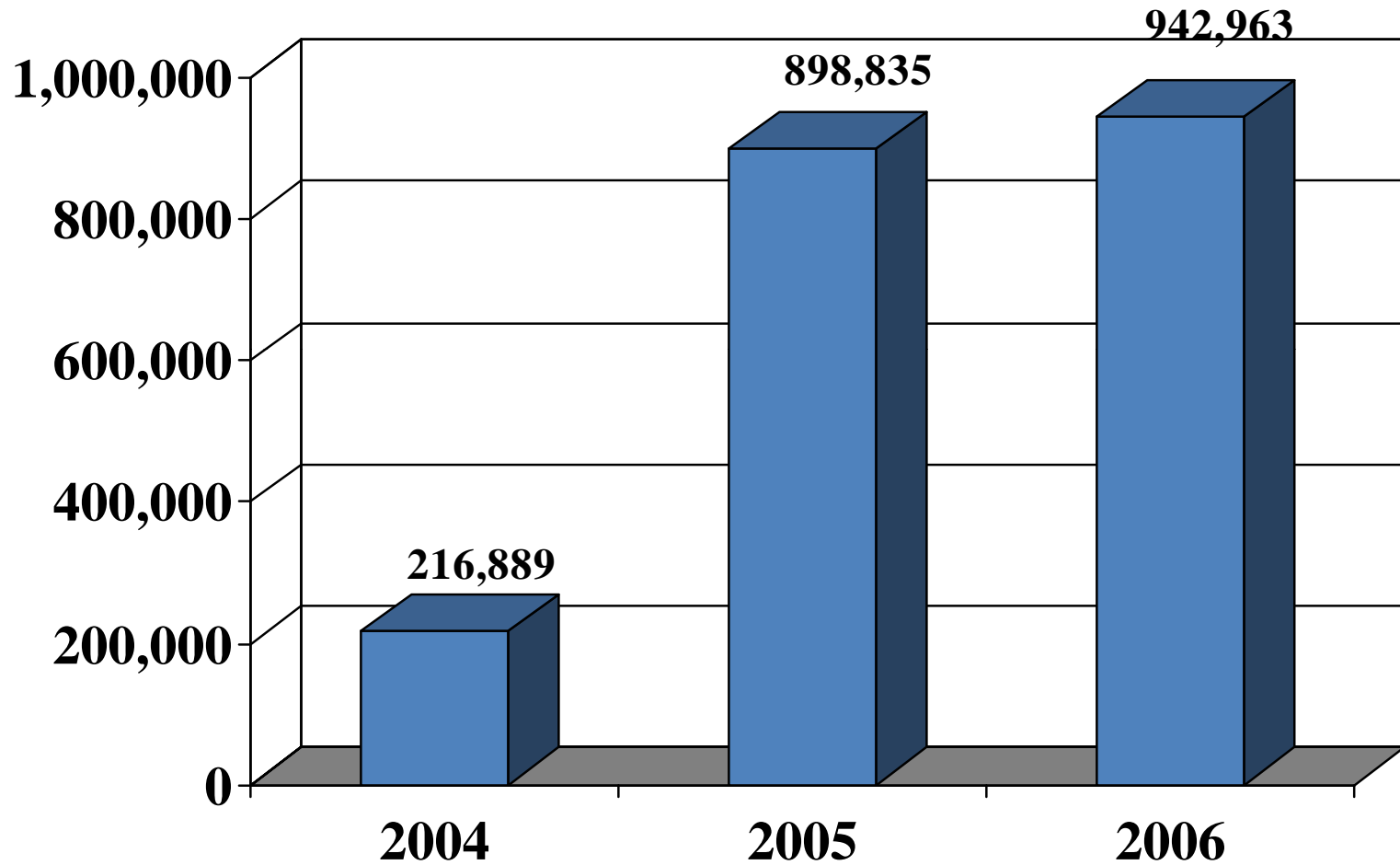
- Building permit revenues incr./decr. by 32.7%/(19.9%) last two years
- Ambulance revenues increased 25.1%/22.6% last two years, which includes the final Medicare fee schedule adjustment on April 1st, 2004
- Mental Health divestiture resulted in a decrease in direct dollars and an increase in contract dollars

Sales Taxes



•3rd ½ cent = \$5.6 million in FY 06, which offset a loss of \$4.2 million in inventory/intangibles reimbursements repealed in FY 2003

Investment Earnings



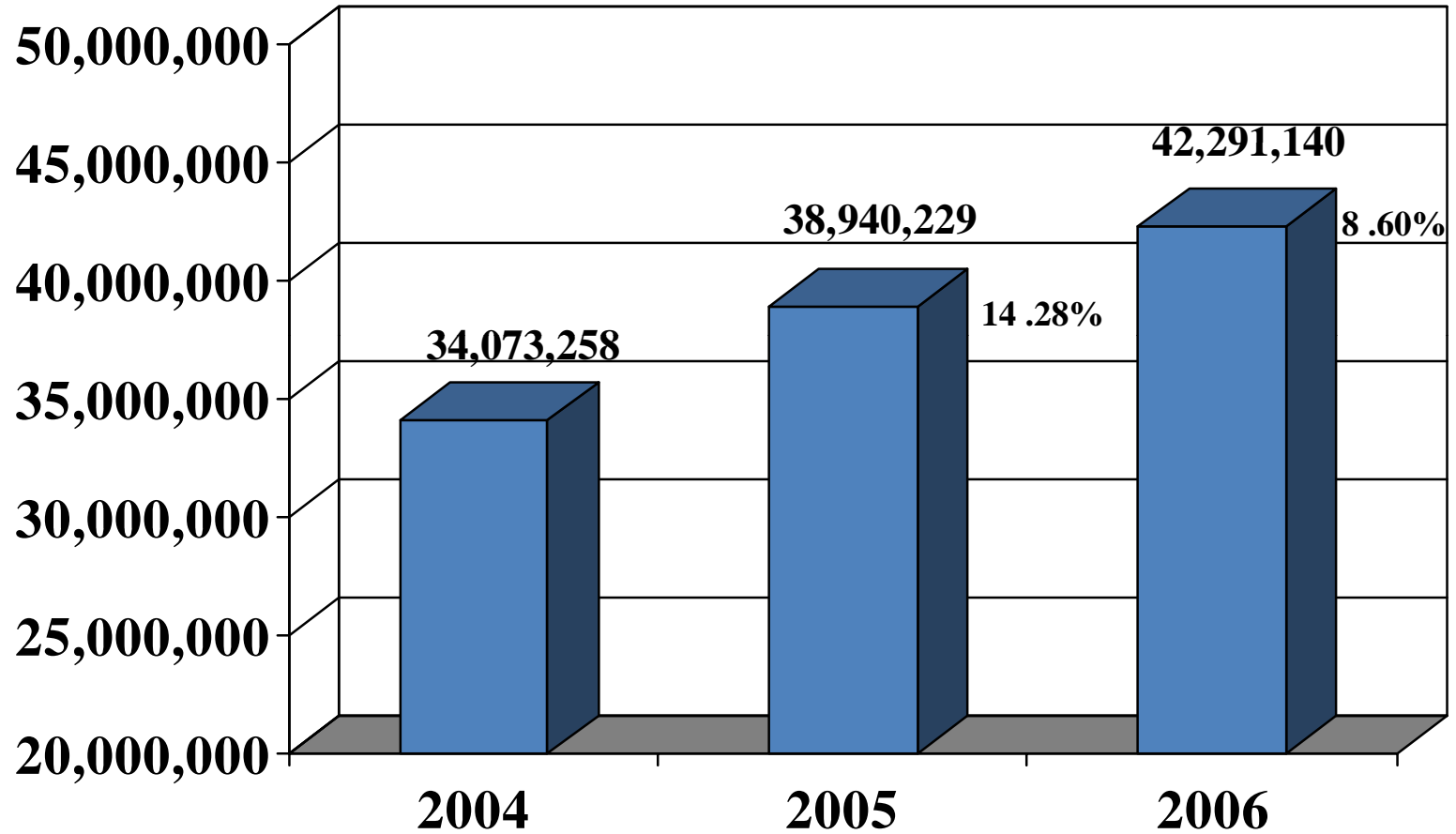
•Avg. yield @ 6/30 = 2.87% 3.63% 4.32%

•General Fund Investments @ 6/30= \$33.7m

Total County Investments-All Funds

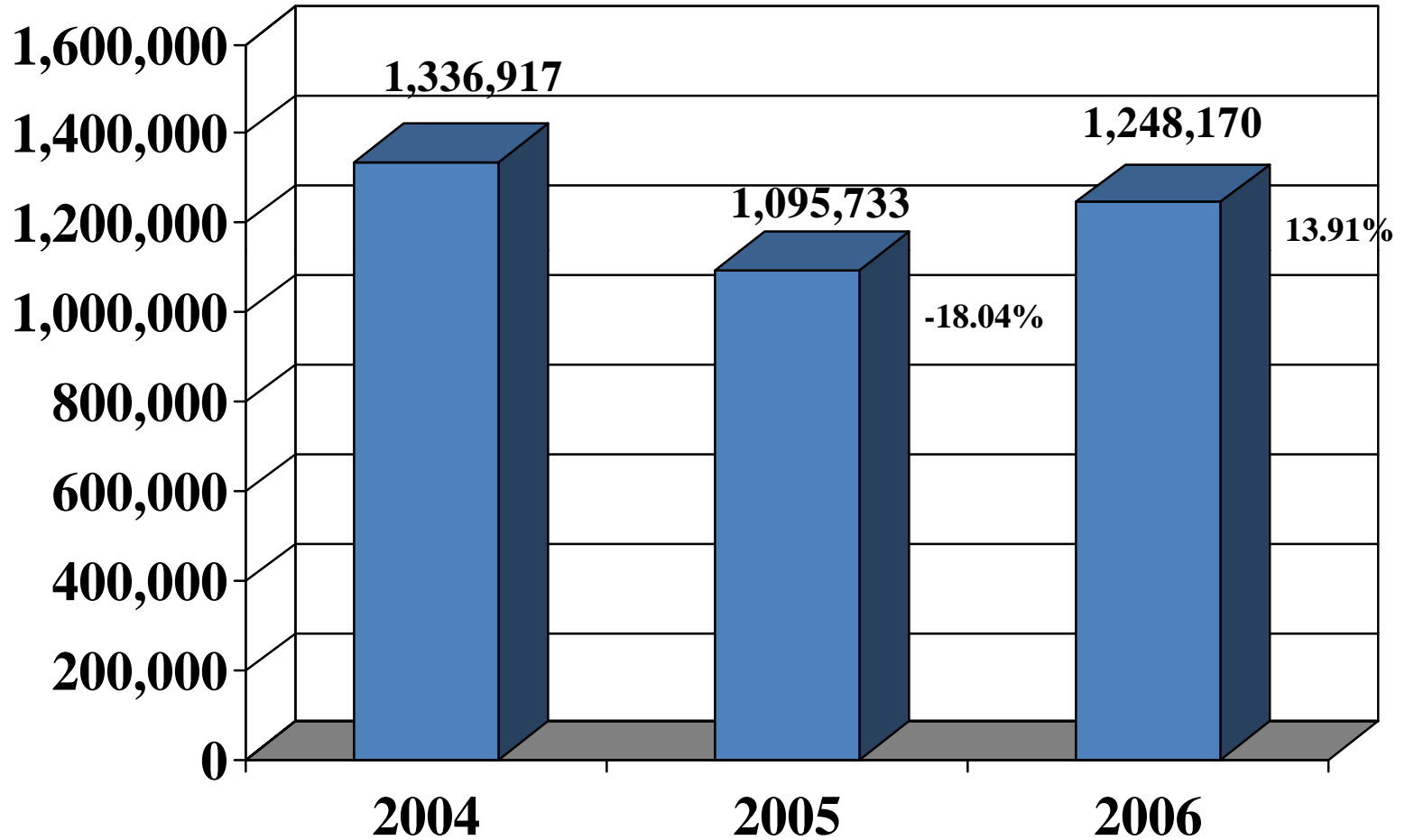
	<u>INVESTMENTS</u>	<u>% OF TOTAL</u>	<u>INTEREST</u>
CD	\$ 252,000	0.20	
FHLB	45,006,839	35.64	
FHLMC	18,308,370	14.50	
FNMA	30,043,175	23.79	
Money Mkt. -Bond proceeds	9,310,043	7.37	
NCCMT-Bond proceeds	18,251,965	14.46	
NCCMT	5,093,023	4.03	
TOTALS	\$ 126,265,415	100.00	\$ 3,912,728

Restricted Intergovernmental Revenues



**Restricted (State & Federal); HAVA Grant (\$600k),
Community Alternatives (\$350k), Work First (\$200k)**

Unrestricted Intergovernmental Revenues

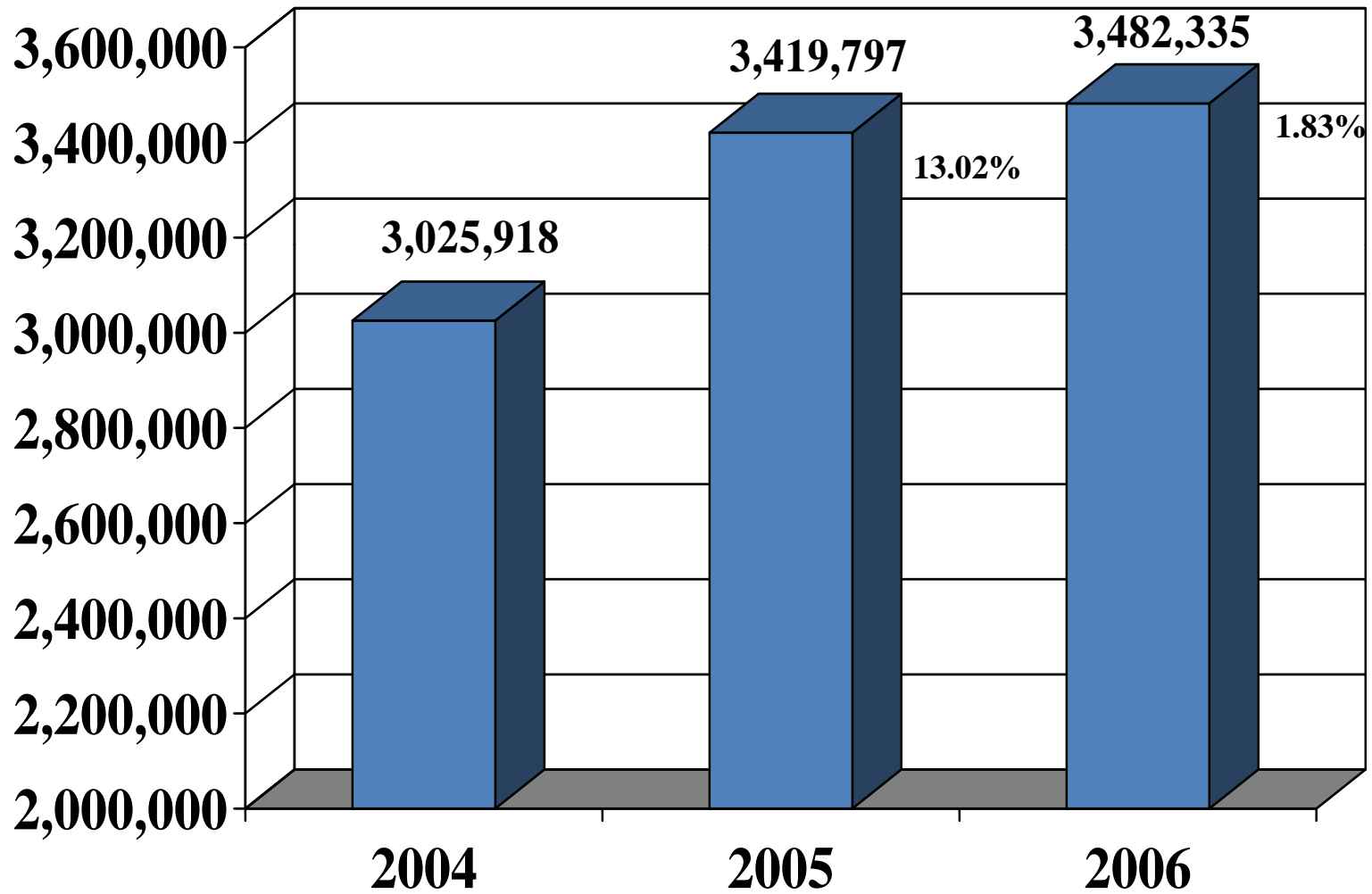


Unrestricted Intergovernmental Revenues

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Beer and Wine Taxes	336,917	345,733	348,170
ABC Board Distribution	1,000,000	750,000	900,000
Totals	<u>1,336,917</u>	<u>1,095,733</u>	<u>1,248,170</u>

- **Total revenues increased by \$152,437, or 13.91%**
- ABC Board profits decreased in 2005 due to opening of two new stores

Other Revenues

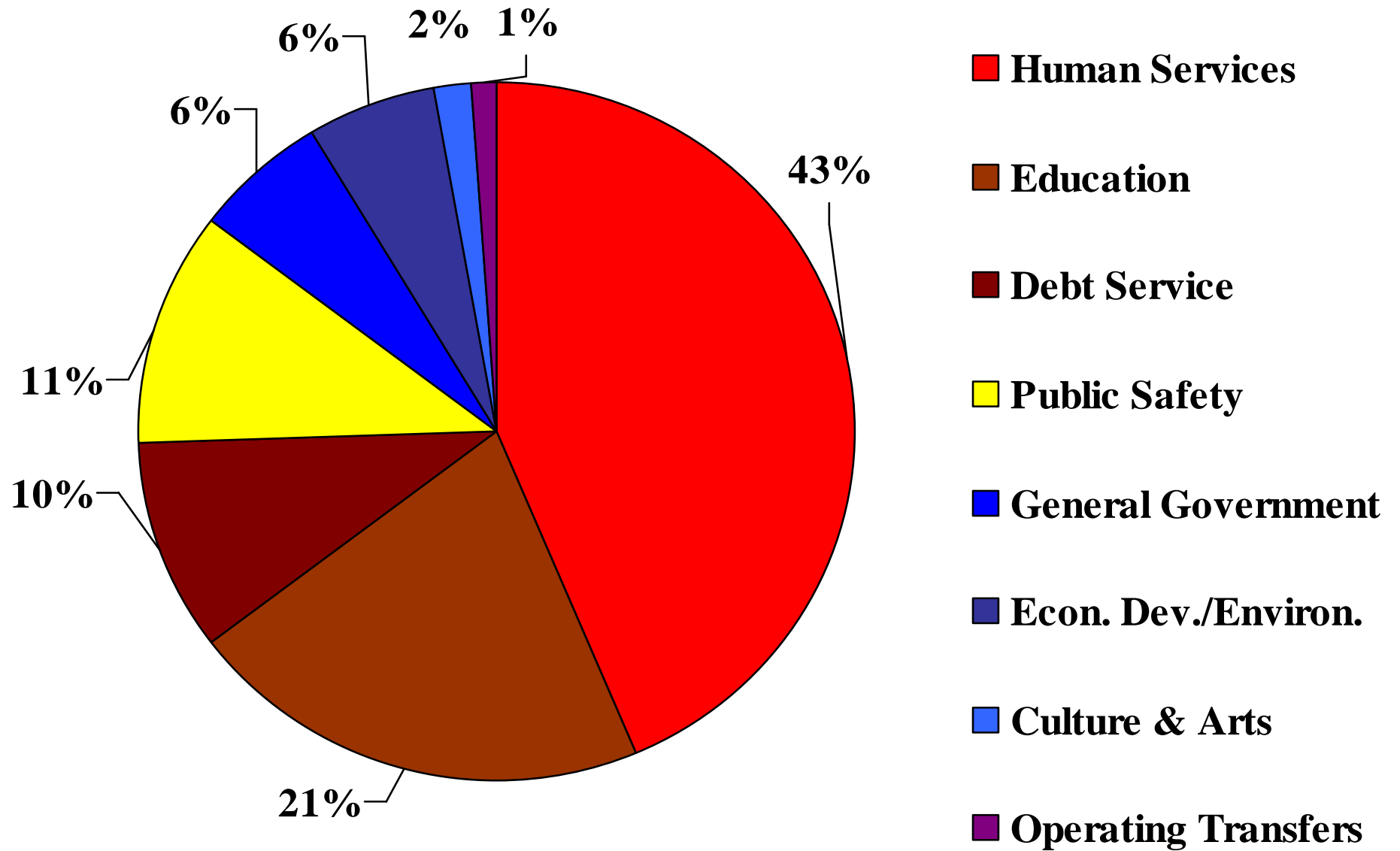


Other Revenues

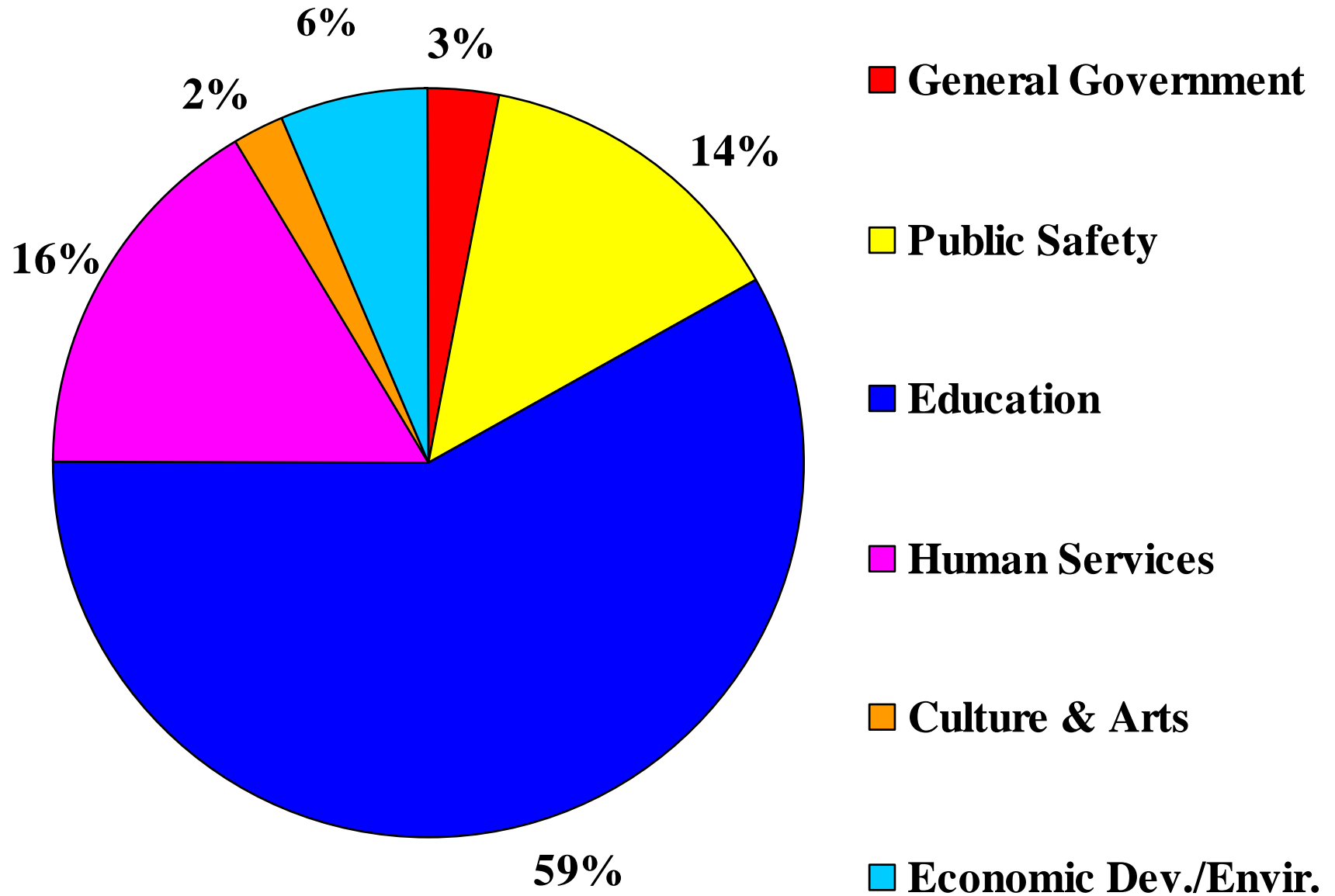
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Cable TV Franchise	577,509	573,138	604,459
Employee Health & Dental Premiums	1,388,568	1,428,191	1,470,072
Other	<u>1,059,841</u>	<u>1,418,468</u>	<u>1,407,804</u>
Totals	3,025,918	3,419,797	3,482,335

- Employee Health/Dental premiums increased 2.9%
- Other: One-time grants/donations & insurance settlements

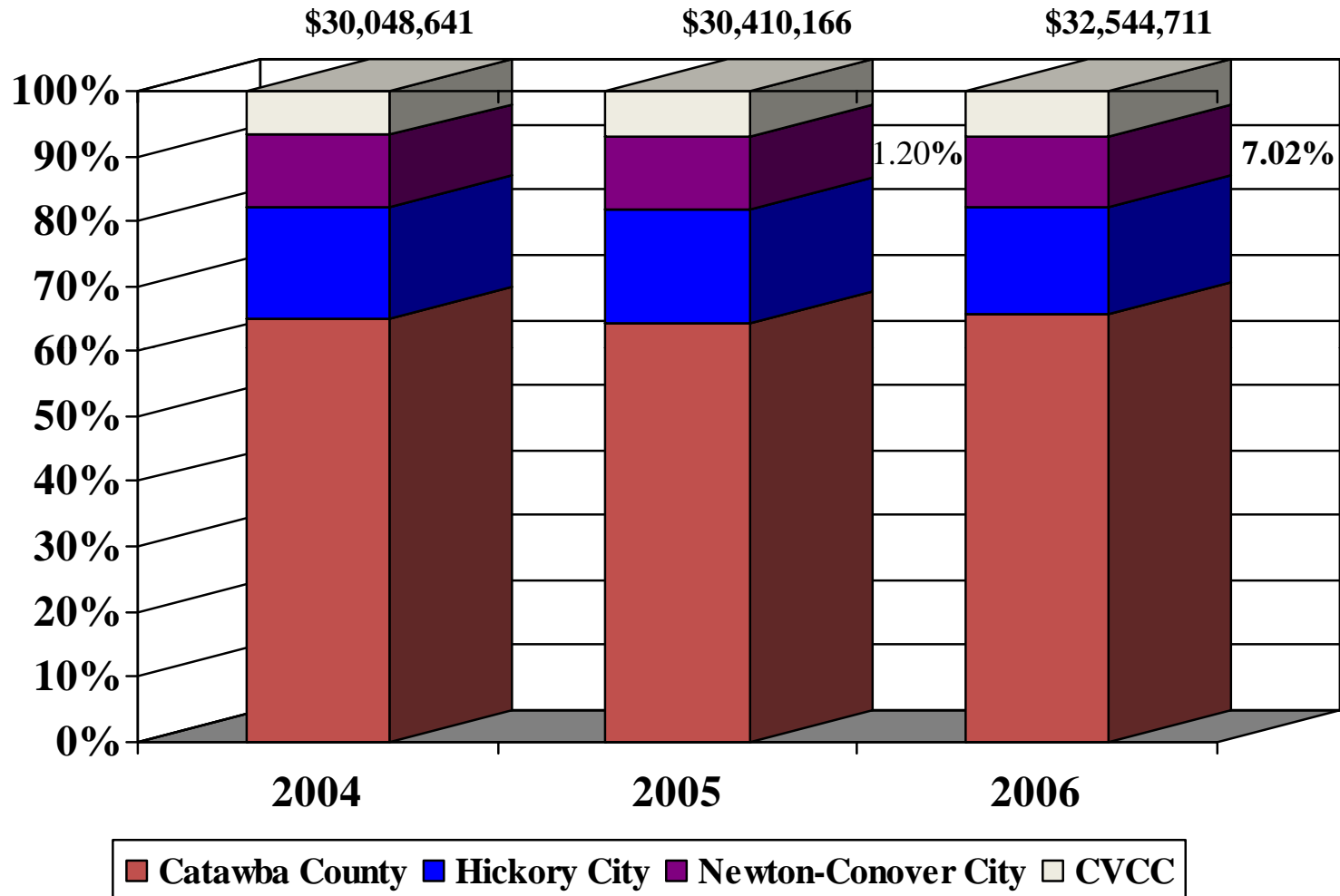
General Fund Expenditures



Where do the Local Tax Dollars Go?

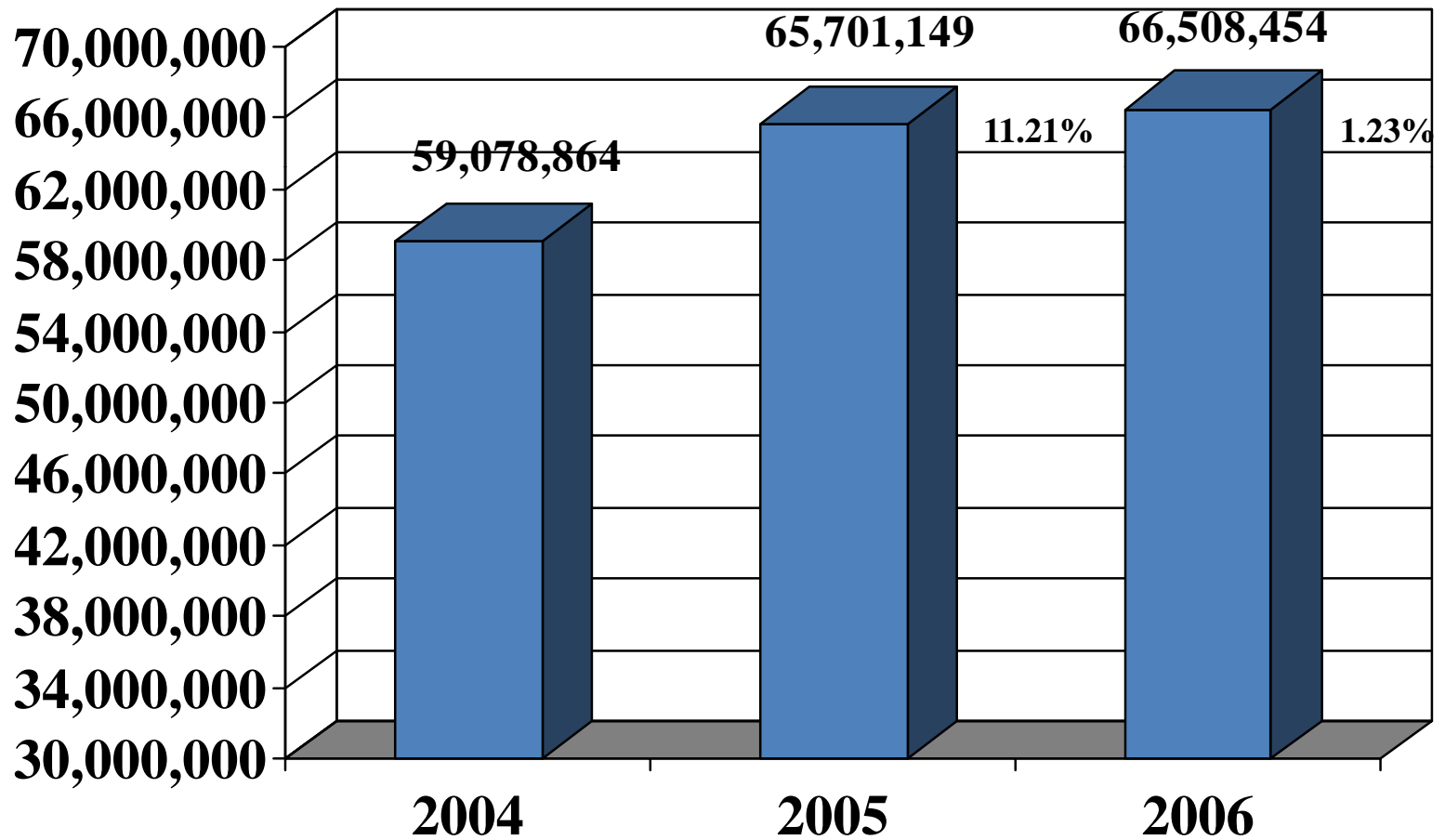


Education



Increase of \$2.2 m to three School systems/CVCC (one cent for teacher supplements), decrease in fines and forfeitures of (\$34k)

Human Services

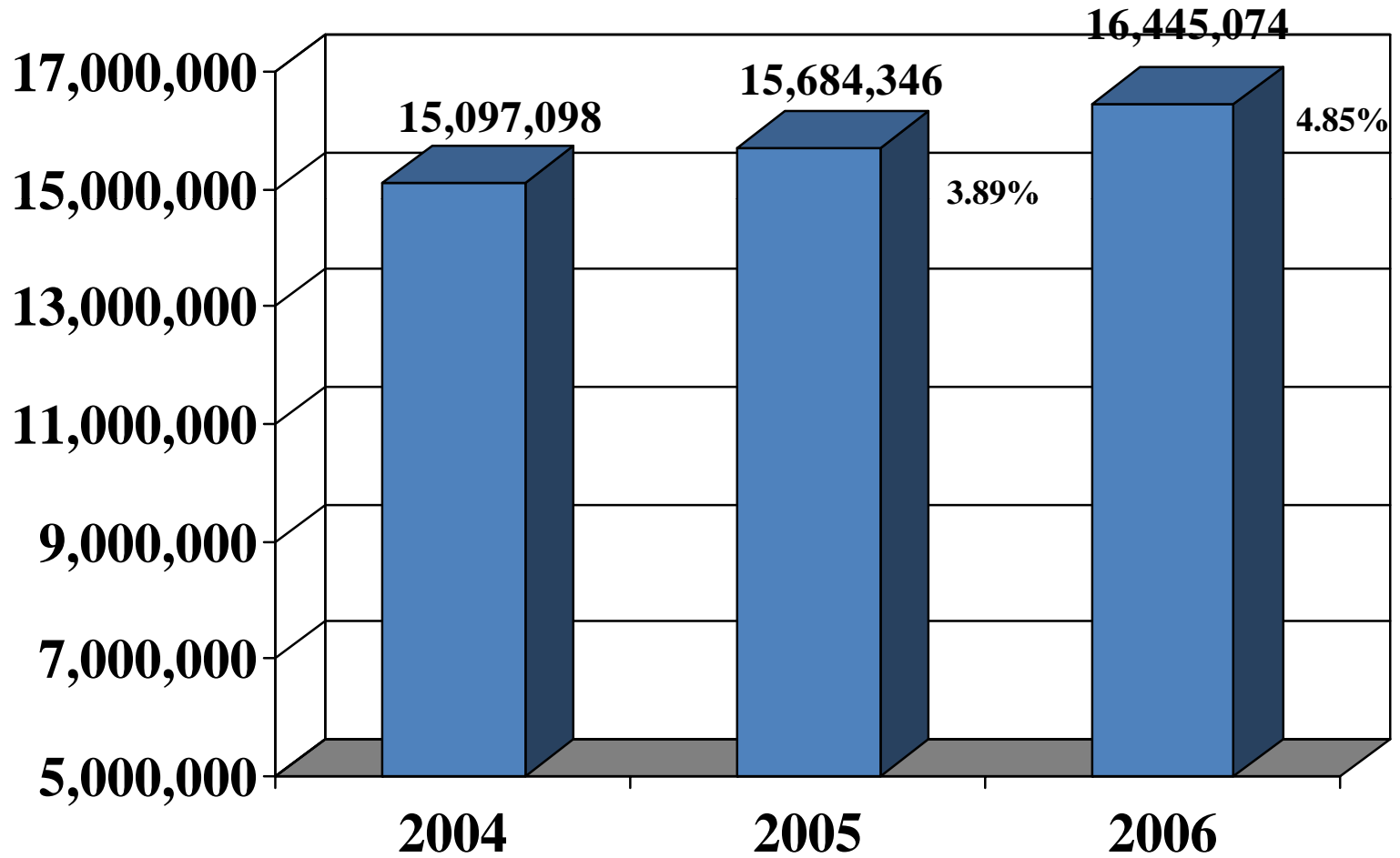


Human Services

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Mental Health	15,710,967	16,665,758	15,782,800
Social Services	33,942,648	39,070,260	40,559,841
Public Health	9,425,249	9,965,131	10,165,813
Totals	<u>59,078,864</u>	<u>65,701,149</u>	<u>66,508,454</u>

- **Mental Health** – Expenditures decreased in administration (-\$300k) and consumer services (-\$250k) while continuing to contract with direct service providers as a result of Mental Health reform
- **Social Services** – Increased expenditures in Family N.E.T., which targets families and children in the areas of foster care, therapy and substance abuse (\$250k); increase in Public Assistance (\$500k), increase in Adult Services (\$250k)
- **Public Health** – Increased expenditures in Home Health (\$100k) and School Health Nurse initiative (\$100k)

Public Safety

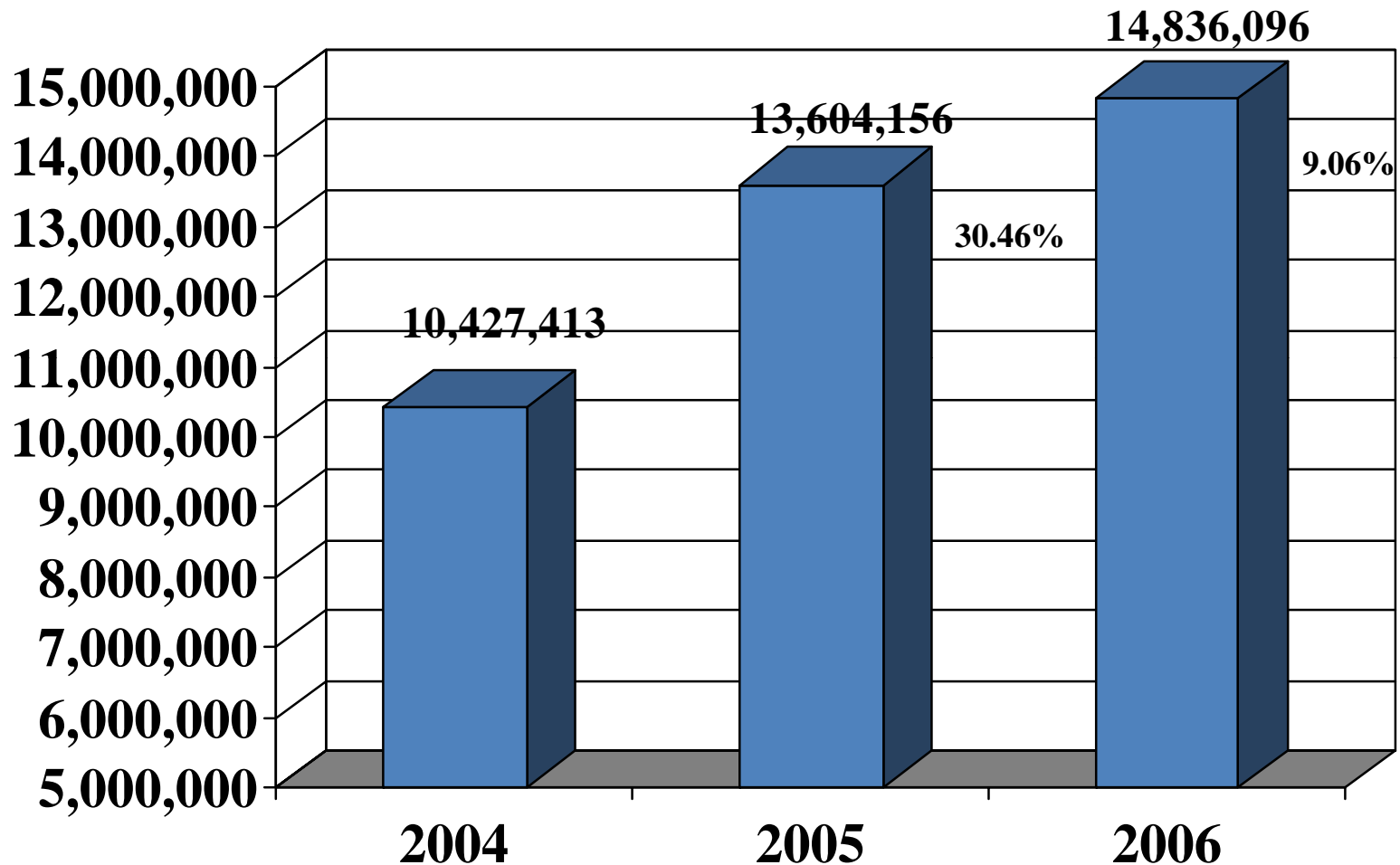


Public Safety

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sheriff	7,669,437	7,993,855	8,316,556
Emergency Services	6,256,865	6,512,620	6,932,075
Communication Center	1,170,796	1,177,871	1,196,443
Totals	<u>15,097,098</u>	<u>15,684,346</u>	<u>16,445,074</u>

- Sheriff's department - Addition of civil process officer and civil secretary fully funded by an increase in civil process fees
- Emergency Services - Addition of animal shelter assistant and an EMT position to assist in training and certification; replacement of two ambulance units

Debt Service



- Increase due to 2005 COPs (Jail expansion, renovate Tuttle Middle)
- 88.8% of county debt was spent for school/community college improvements in FY 2005-06; Catawba Elem. (\$9.2 million)-Apr 06

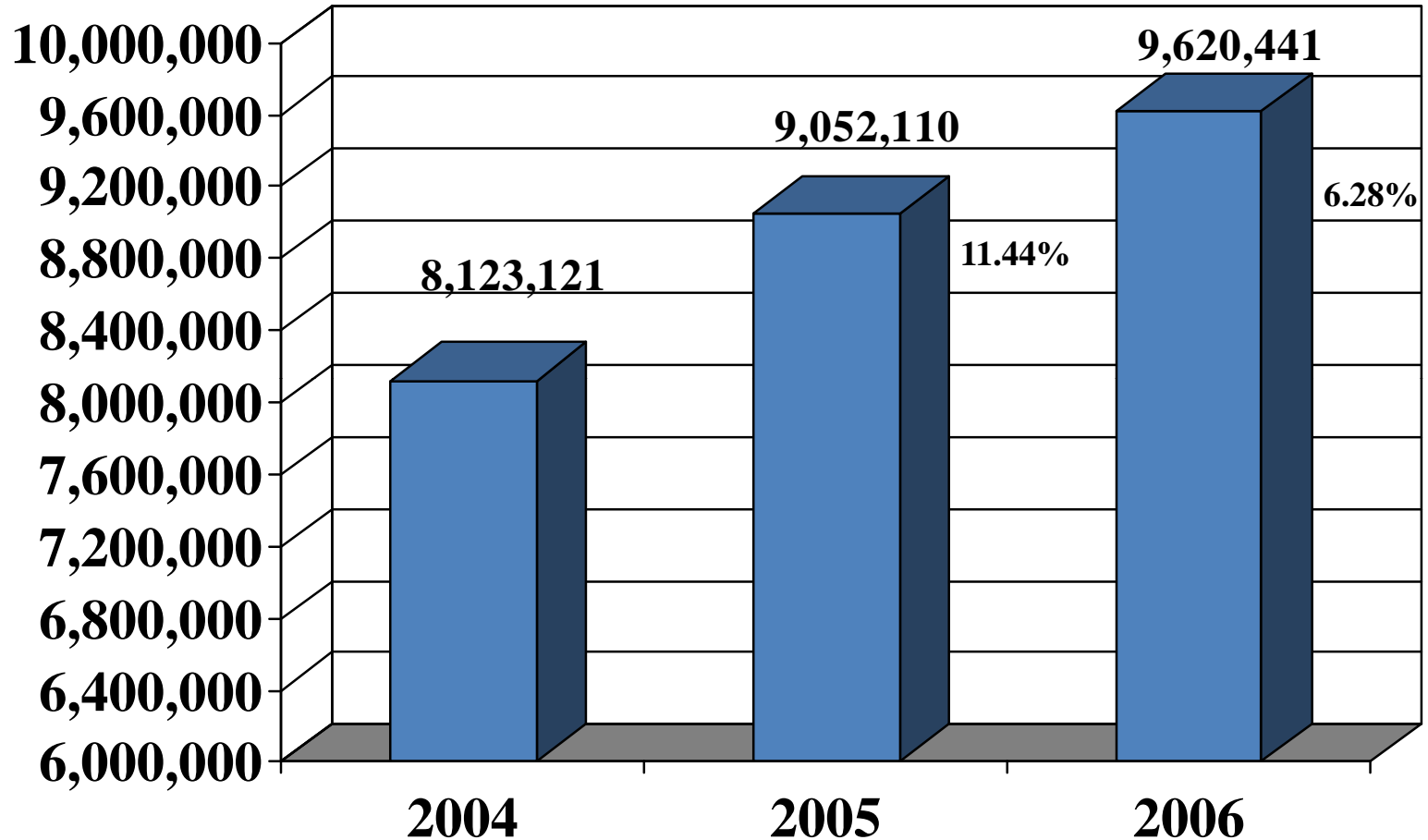
Legal Debt Margin

June 30, 2006

Assessed Value – January 1, 2005		<u>\$13,023,274,801</u>
Debt Limit – eight percent (8%) of assessed value		\$1,041,861,984
Total Bonded Debt	\$42,815,000	
Other Debt	<u>\$68,795,000</u>	
	\$111,610,000	
Total applicable to debt limit		<u>(111,610,000)</u>
Legal Debt Margin		\$930,251,984

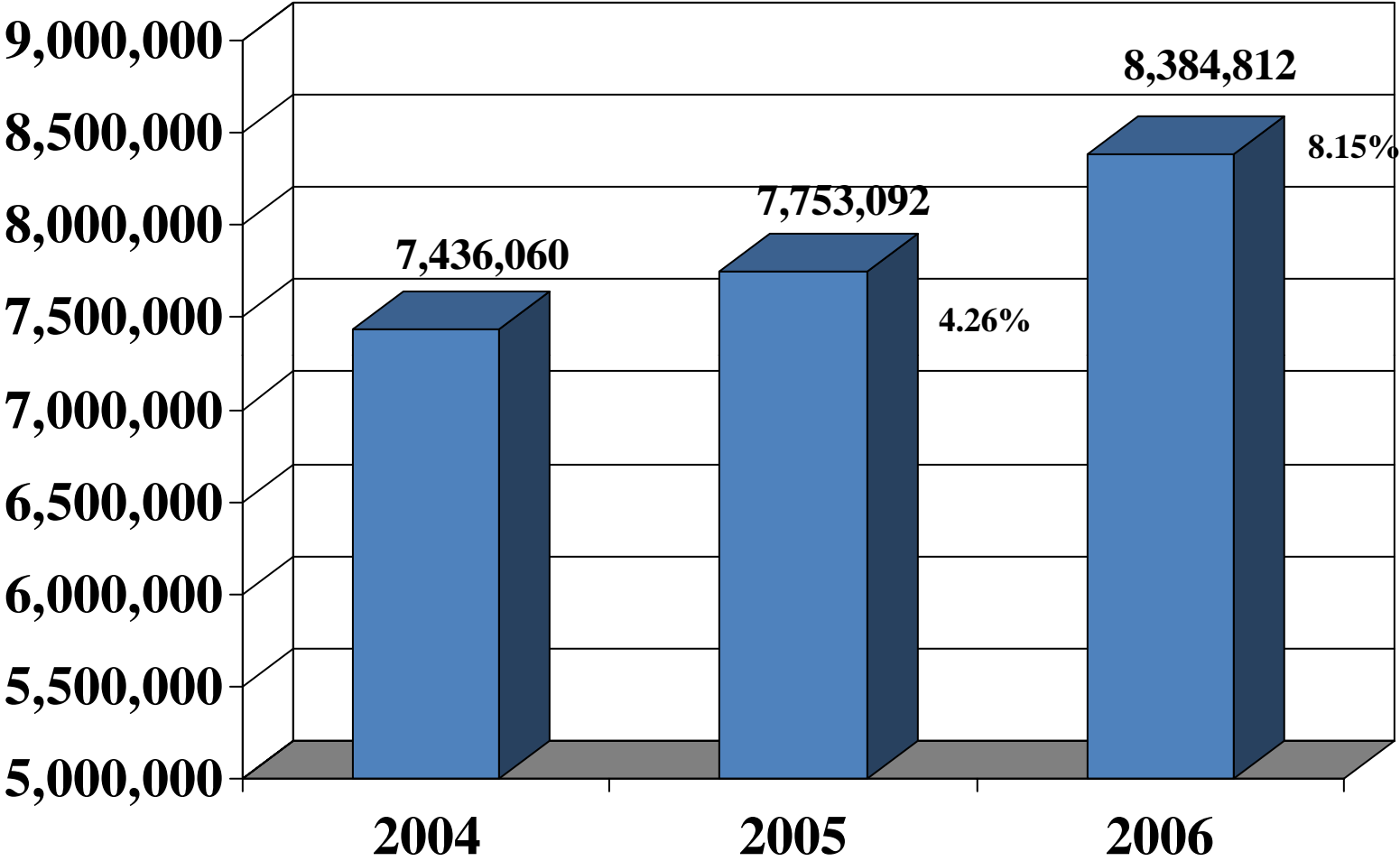
*10.7% of legal limit

General Government



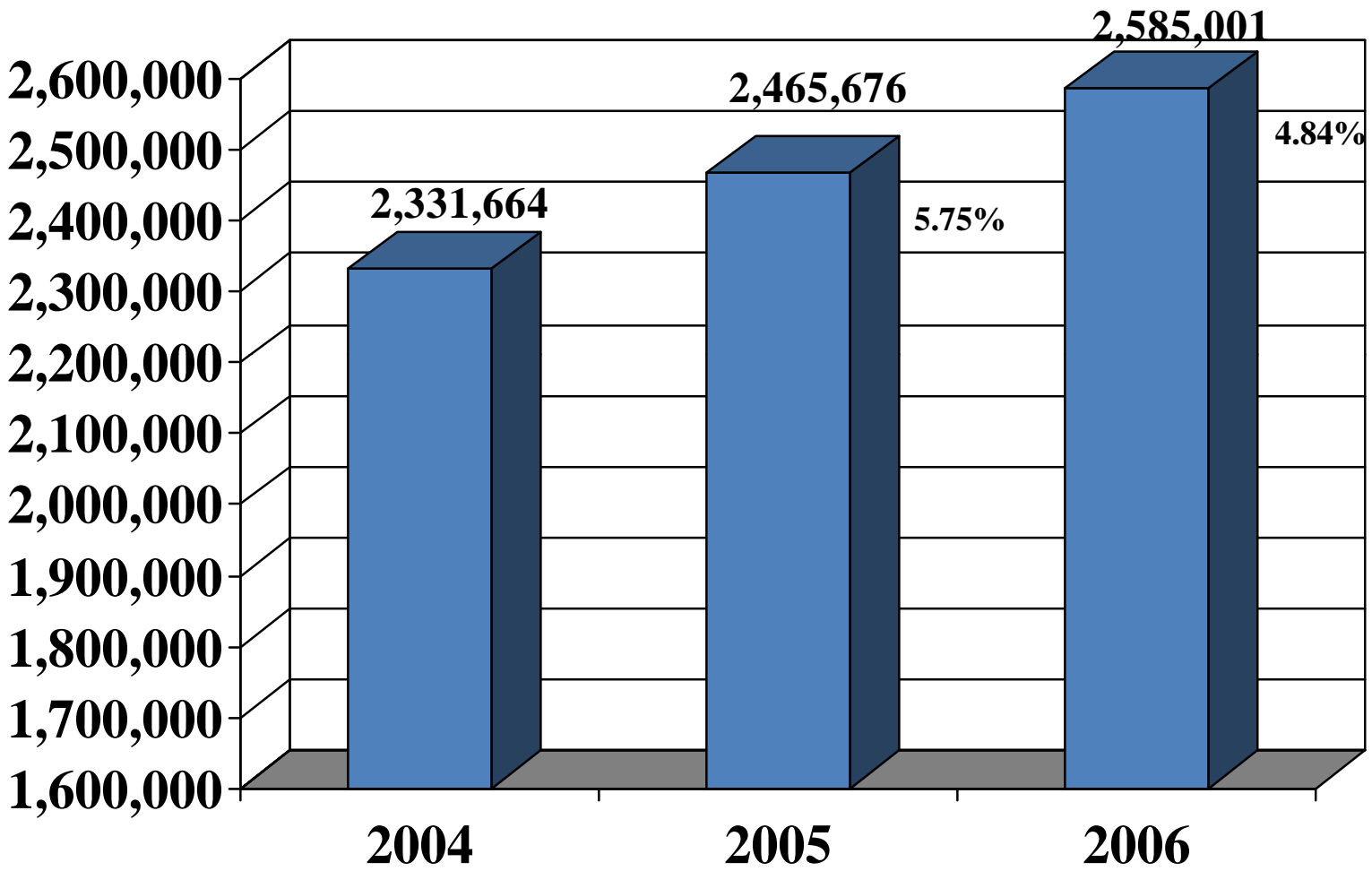
Increase in tax refunds (\$230k), Register of Deeds renovations (\$130k)

Economic & Physical Development



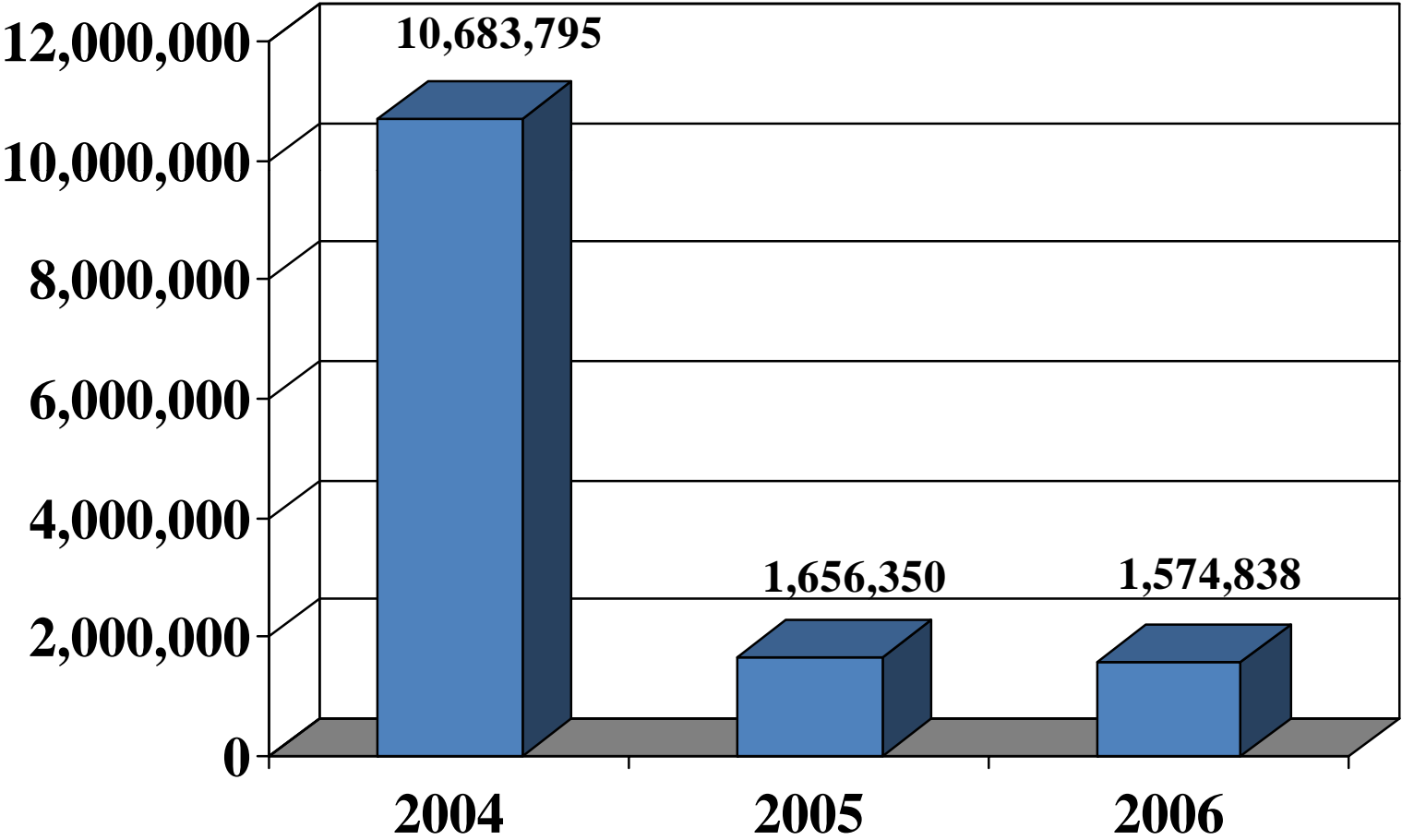
Increase in economic development incentives (Getrag, ZF Lemforder & Poppelman)

Culture & Arts



Increased part-time hours and acceptance of a community planning grant for library programs and services

Operating Transfers

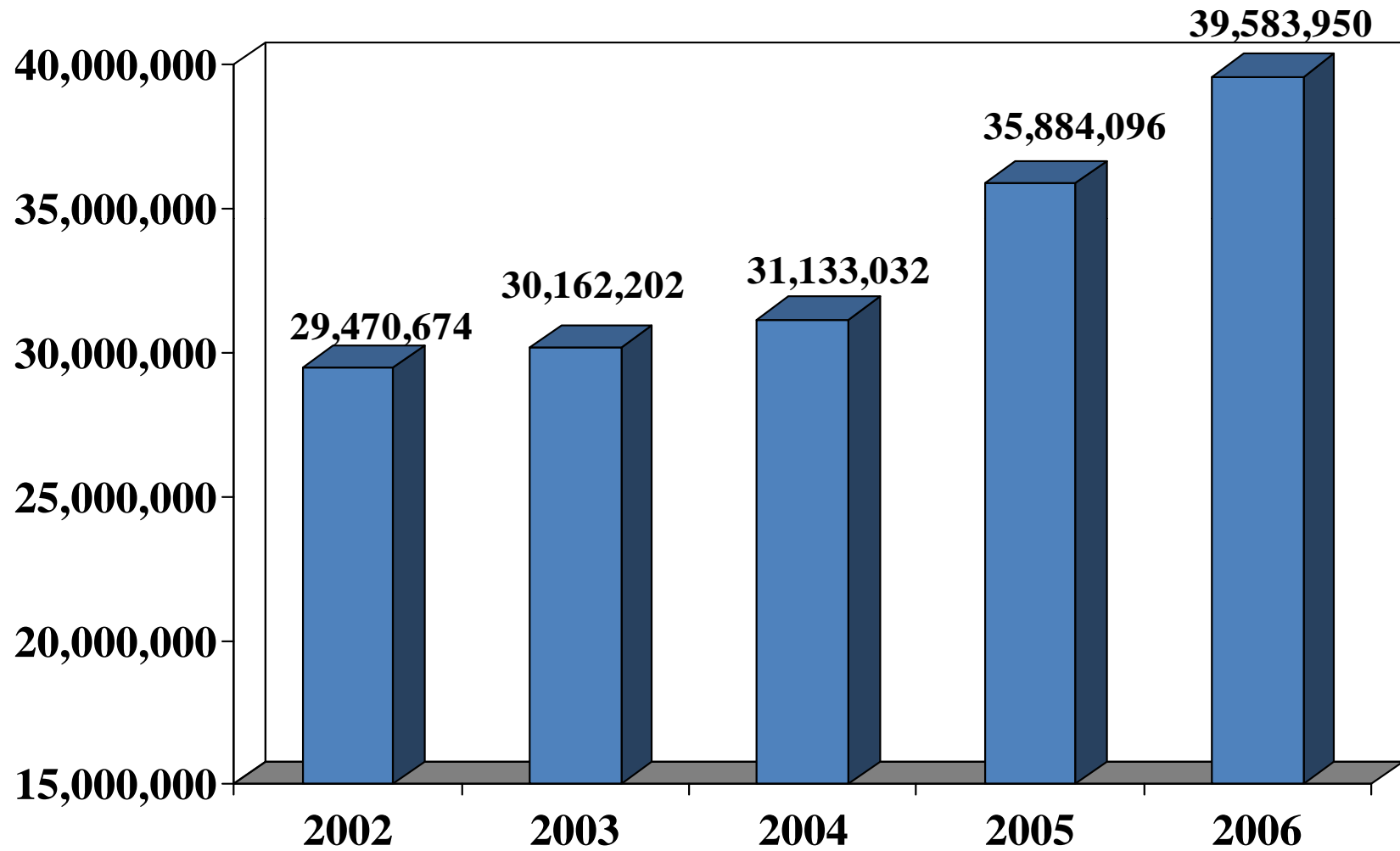


Operating Transfers

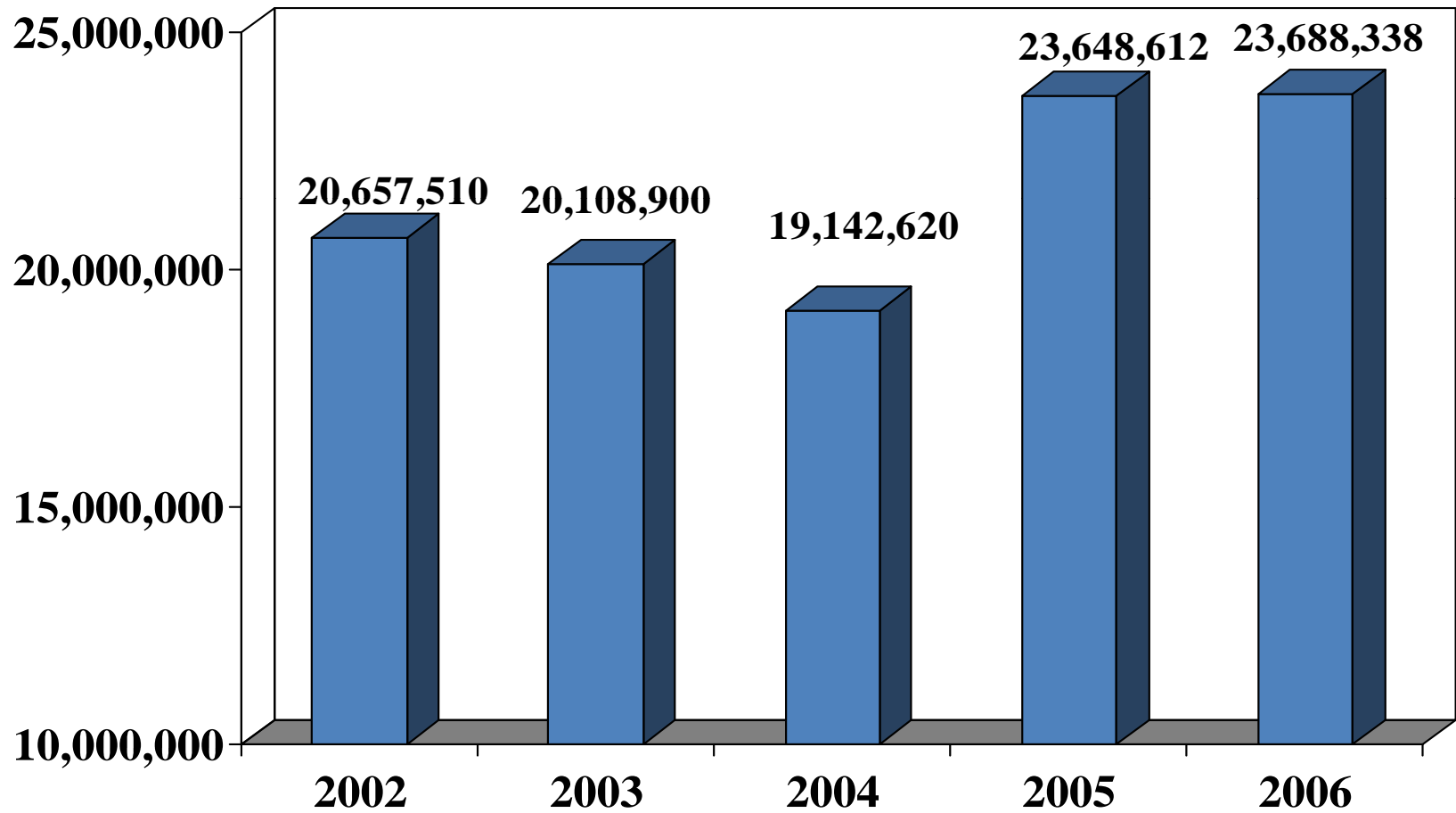
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Reappraisal Fund	333,476	384,324	448,593
Rescue Squads	711,653	725,886	739,532
General Capital Reserve	350,000	-	(290,699)
General Capital Projects	2,887,805	1,443,317	(700,091)
Water & Sewer Construction	1,950,000	1,950,000	1,950,000
School Construction Fund	4,523,503	(2,447,430)	(275,117)
Transfers-In	(72,642)	(399,747)	(297,380)
	<hr/>	<hr/>	<hr/>
Totals	10,683,795	1,656,350	1,574,838

- General Capital funding consists of funds set aside in prior years (1/2 cent) to pay for debt service on the Newton Jail Expansion project
- Transferred funds from School Construction for debt payments on school projects (Maiden High, CVCC, Tuttle & Grandview)
- Transfers-in includes proceeds from the sale of voting equipment

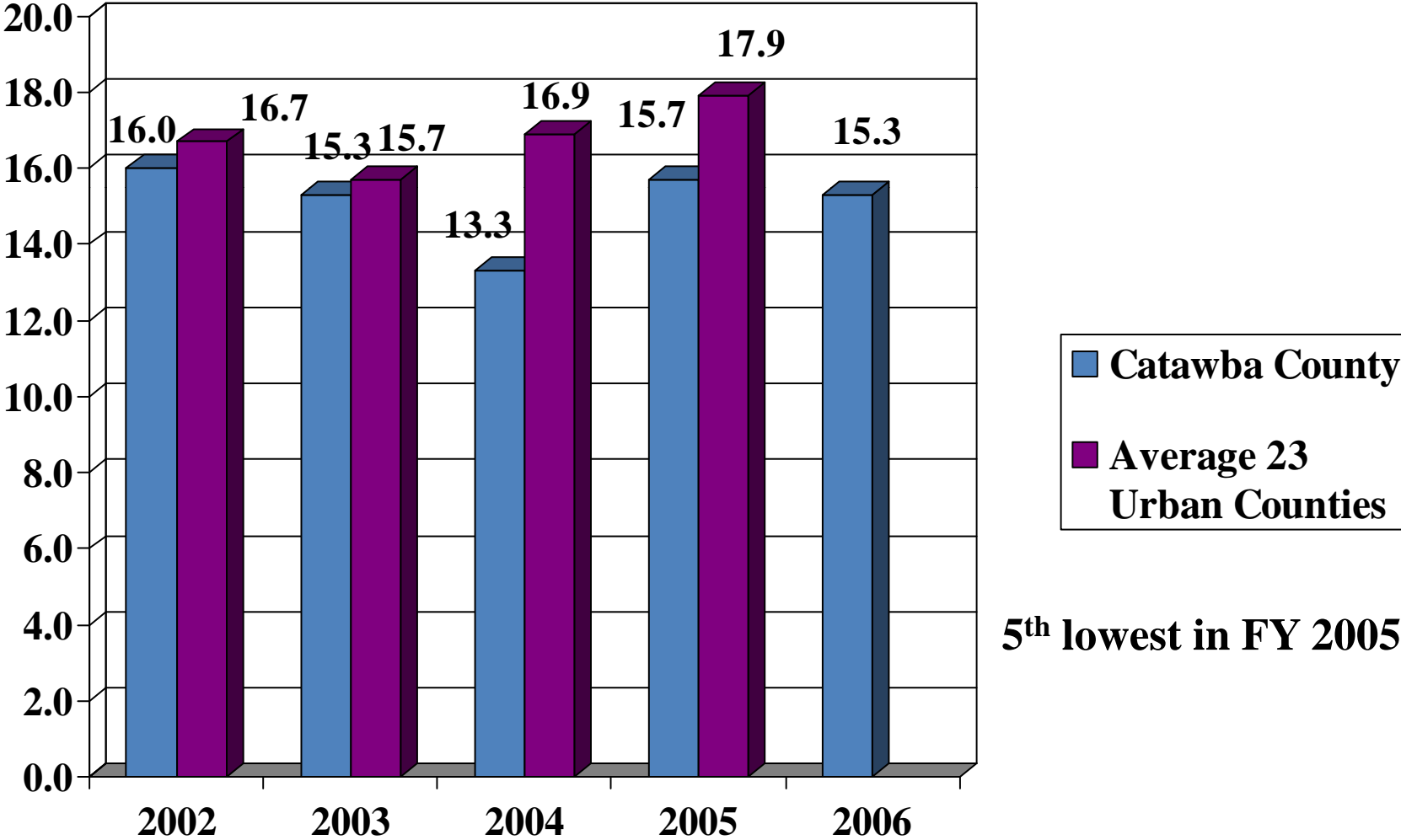
Total Fund Balance



Available Fund Balance



Fund Balance % of General Fund Expenditures



5th lowest in FY 2005