



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Catawba County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Catawba County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catawba County ABC Board or Catawba Valley Medical Center which represents 100 percent of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Catawba County ABC Board or Catawba Valley Medical Center is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Catawba County ABC Board and Catawba Valley Medical Center were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2008 on our consideration of Catawba County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing in the results of our audit.

Management's Discussion and Analysis, employer contributions and the Schedule of Funding Progress, Schedule of Employer Contributions, and Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance and Other Post Employment Health Care Benefit are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Catawba County, North Carolina basic financial statements. The introductory section, combined and individual fund financial statements and schedules, other schedules, additional financial data, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, other schedules, and additional financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 12, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Catawba County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Catawba County for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

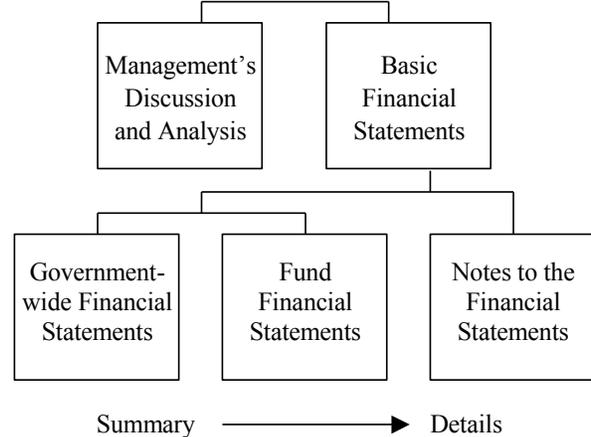
FINANCIAL HIGHLIGHTS

- ▶ The assets of Catawba County exceeded its liabilities at the close of the fiscal year by \$149,303,983 (*net assets*). Of this figure, approximately \$105 million represents the County's investment in capital assets, which is not available for future spending.
- ▶ The government's total net assets increased by \$22,943,627, primarily due to increases in the governmental type activities net assets.
- ▶ As of the close of the current fiscal year, Catawba County's governmental funds reported combined ending fund balances of \$143,354,857, an increase of \$37,470,892 in comparison with the prior year. [See Exhibit 3]. Approximately 86 percent of this total amount, or \$123,560,368, is available for spending at the government's discretion (*unreserved fund balance*). Of this unreserved fund balance, \$83.1 million has been designated for future expenditures and capital projects in the adopted 2008-09 budget ordinance. [See Note 1].
- ▶ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$35,804,493, or 20.2 percent of total general fund expenditures for the fiscal year.
- ▶ Catawba County's total debt increased by \$18,582,126 during the current fiscal year equating to \$780 per capita. The County used installment purchase financing to borrow \$22.3 million for the construction and renovation of public school and community college facilities and \$7 million for the construction of various wastewater system improvements. This debt was offset by principle payments of \$10.7 million during the current fiscal year.
- ▶ For the fourth consecutive year, Catawba County maintained its AA bond rating with Standard & Poor's and maintained its Aa2 bond rating with Moody's Investors Service for the 27th consecutive year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Catawba County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure A). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Catawba County.

Figure A - Required Components of Annual Financial Report



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The government-wide financial statements are:

- ▶ **Statement of Net Assets** - presents information about the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- ▶ **Statement of Activities** - presents information showing how the County's net assets changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish between services provided by the County

that are primarily funded by property taxes and state and federal grants (*governmental activities*) and other services that the County charges user fees to recover all of the costs (*business-type activities*). The government activities include most of the County's basic services such as human services, education, public safety, parks, planning, and general administration. The business-type activities include the solid waste services offered by Catawba County. The government-wide financial statements include not only the County itself (known as the *primary government*) but also two legally separate entities (known as *component units*). Catawba Valley Medical Center (CVMC) is a public healthcare facility that is an entity of Catawba County. The County appoints the board of trustees for CVMC and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements begin on page 14 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Catawba County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. There are three parts to the Fund Financial Statements: (1) governmental funds, (2) budgetary comparison statements, and (3) proprietary fund statements.

- ▶ **Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The

relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Catawba County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the board; (2) the final budget as amended by the board; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

The governmental funds financial statements can be found on pages 18-22 of the report.

- ▶ **Proprietary Funds** - Services for which the County charges customers a fee are generally reported in proprietary funds. Catawba County maintains one type of proprietary fund called an enterprise fund.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its solid-waste operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

The proprietary funds financial statements can be found on pages 23-25 of this report.

- ▶ **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Catawba County has four fiduciary funds, all of which are agency

funds.

The fiduciary funds financial statements can be found on page 26 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on page 27 of this report.

SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Catawba County's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found beginning on page 58 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Government-Wide Financial Analysis)

Net Assets - As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Catawba County exceeded liabilities by \$149,303,983, as of June 30, 2008. The County's net assets increased by

\$22,943,627 for the fiscal year ended June 30, 2008. Key factors for the increase in net assets are additions to current and other assets and increases in restricted cash. Restricted cash increased by \$21 million, mainly from debt proceeds not yet spent for school and community college improvements. The County spent \$4.4 million during the current fiscal year for water and sewer projects in progress. Long-term debt had a net increase of \$18.6 million.

The largest portion of net assets (69.7%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Catawba County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Catawba County's investment in its capital assets is reported net of the outstanding related debt, the resources to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another portion of Catawba County's net assets (.5%) represents resources that are subject to external restrictions on how they may be used.

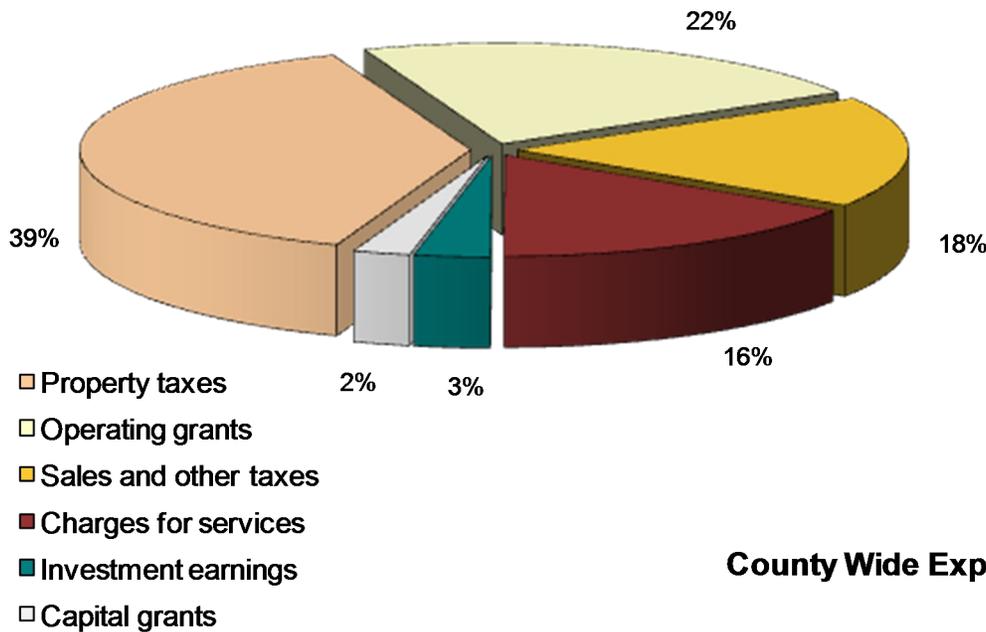
The remaining balance (29.8%) of \$44.4 million is unrestricted, an increase of \$15.7 million from the prior year.

Government-Wide Financial Analysis Catawba County's Net Assets

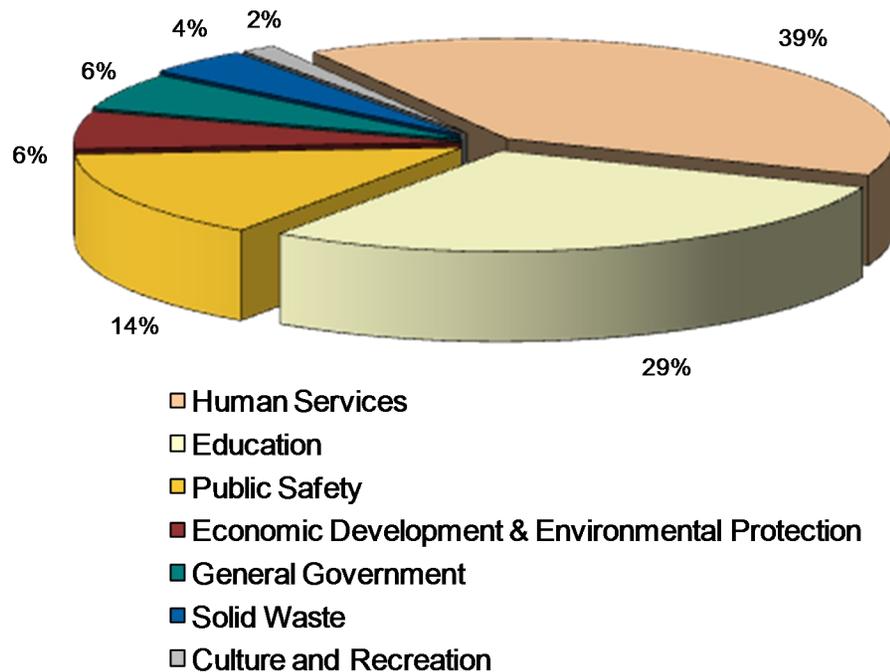
	Governmental Activities		Business-type Activities		Total		Total	
	2008	2007	2008	2007	2008	2007	Dollar Change	Percent Change
Current and other assets	\$ 162,436,507	\$ 124,075,386	\$ 16,540,422	\$ 16,729,157	\$ 178,976,929	\$ 140,804,543	\$ 38,172,386	27.11%
Capital assets	96,548,523	90,776,271	22,121,146	18,670,633	118,669,669	109,446,904	9,222,765	8.43%
Total assets	258,985,030	214,851,657	38,661,568	35,399,790	297,646,598	250,251,447	47,395,151	18.94%
Long-term liabilities	127,633,531	106,924,540	6,929,444	4,222,072	134,562,975	111,146,612	23,416,363	21.07%
Other liabilities	12,864,897	12,648,430	914,743	96,049	13,779,640	12,744,479	1,035,161	8.12%
Total liabilities	140,498,428	119,572,970	7,844,187	4,318,121	148,342,615	123,891,091	24,451,524	19.74%
Net assets:								
Invested in capital assets, net of related debt	81,948,941	78,197,249	22,121,146	18,670,633	104,070,087	96,867,882	7,202,205	7.44%
Restricted	810,599	745,357	-	-	810,599	745,357	65,242	8.75%
Unrestricted	35,727,062	16,336,081	8,696,235	12,411,036	44,423,297	28,747,117	15,676,180	54.53%
Total net assets	\$ 118,486,602	\$ 95,278,687	\$ 30,817,381	\$ 31,081,669	\$ 149,303,983	\$ 126,360,356	\$ 22,943,627	18.16%

The following graphs summarize the sources of the County's total revenues and total program expenses. These graphs combine governmental and business-type information.

County Wide Sources of Revenues



County Wide Expenses



In order to provide a complete picture of the changes in net assets of the County, information is provided separately for the net assets of governmental and business-type activities. See table shown on the next page.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 26,877,653	\$ 23,618,718	\$ 6,626,224	\$ 6,677,959	\$ 33,503,877	\$ 30,296,677
Operating grants and contributions	46,999,422	43,735,432	41,279	102,816	47,040,701	43,838,248
Capital grants and contributions	4,857,657	101,953	148,518	526,398	5,006,175	628,351
General revenues:						
Property taxes	82,048,071	68,378,012	-	-	82,048,071	68,378,012
Sales and other taxes	37,419,367	35,895,815	228,024	221,825	37,647,391	36,117,640
Investment earnings, unrestricted	5,786,693	6,069,443	861,349	869,235	6,648,042	6,938,678
Total revenues	203,988,863	177,799,373	7,905,394	8,398,233	211,894,257	186,197,606
Expenses						
General government	11,203,800	9,001,933	-	-	11,203,800	9,001,933
Public safety	26,316,167	22,897,052	-	-	26,316,167	22,897,052
Environmental protection	546,680	504,416	-	-	546,680	504,416
Economic and physical development	10,827,271	12,054,976	-	-	10,827,271	12,054,976
Human services	74,150,353	66,083,707	-	-	74,150,353	66,083,707
Cultural and recreation	2,760,614	2,771,008	-	-	2,760,614	2,771,008
Education	50,388,730	52,216,062	-	-	50,388,730	52,216,062
Interest on long-term debt	4,584,583	4,909,742	-	-	4,584,583	4,909,742
Solid waste management	-	-	8,172,432	5,260,776	8,172,432	5,260,776
Total expenses	180,778,198	170,438,896	8,172,432	5,260,776	188,950,630	175,699,672
Increase (decrease) in net assets before transfers	23,210,665	7,360,477	(267,038)	3,137,457	22,943,627	10,497,934
Transfers	(2,750)	-	2,750	-	-	-
Increase (decrease) in net assets	23,207,915	7,360,477	(264,288)	3,137,457	22,943,627	10,497,934
Net assets - beginning of year	95,278,687	87,918,210	31,081,669	27,944,212	126,360,356	115,862,422
Net assets - end of year	\$ 118,486,602	\$ 95,278,687	\$ 30,817,381	\$ 31,081,669	\$ 149,303,983	\$ 126,360,356

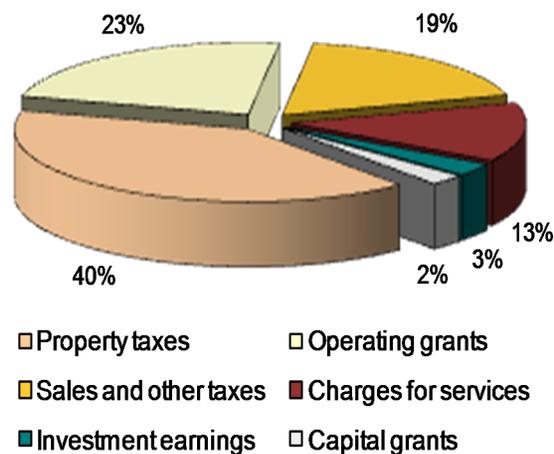
The following will consider the operations of governmental and business-type activities separately and in greater detail.

Governmental Activities - Governmental activities increased the County's net assets by \$23,207,915. Key elements of this increase are as follows:

- ▶ Increase in general revenues from property and sales taxes.
- ▶ Increase in capital grants and contribution mainly for school capital purposes and increases in operating grants mainly for public safety projects.

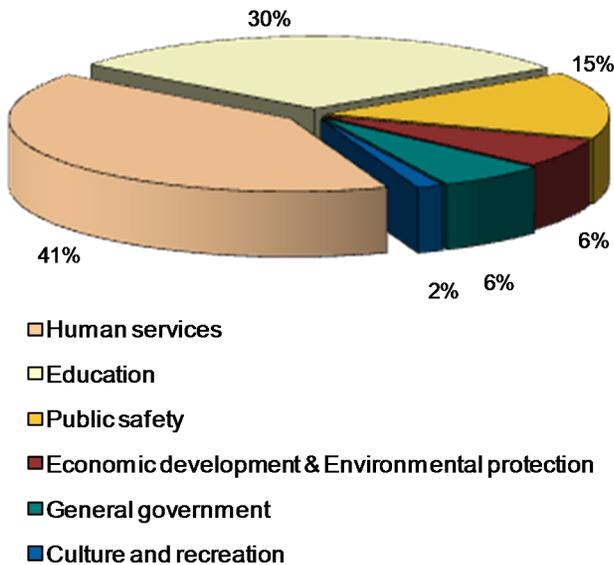
The graph on the right represents the major sources of revenues for governmental activities.

Revenues by Source – Governmental Activities



The following graph presents the major functions of expenditures for governmental activities.

Expenditures by Function – Governmental Activities



Business-type Activities - Business-type activities decreased Catawba County’s net assets by (\$264,288). Key elements of this decrease are as follows:

- ▶ Increase in landfill closure and post closure costs as current material solid waste operating cell reaches capacity and new operating cell is opened.
- ▶ Decrease in operating and capital grants.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

As noted earlier, Catawba County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year. Information is presented separately in the governmental funds balance sheets and statement of revenues, expenditures and changes in fund balance for the General Fund, the Water and Sewer Construction Fund and School Construction Fund, all of which are considered major funds. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major

governmental funds is provided in the form of combining statements and schedules elsewhere in the report.

At June 30, 2008, the governmental funds of the County reported a combined fund balance of \$143,354,857, a 35.3 percent increase from the previous year. Included in this change in fund balance are increases in three major funds; the General Fund, Water and Sewer Construction Fund and School Construction Fund.

General Fund - The General Fund is the chief operating fund of Catawba County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$35,804,493, while total fund balance reached \$55,328,180. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.2% of total General Fund expenditures while total fund balance represents 31.2% of that same amount.

The overall fund balance increased by \$11.3 million due to increases in sales tax revenues, ad valorem tax revenues and restricted intergovernmental revenues. However, property tax revenue of \$4 million is dedicated to schools and community college improvements, resulting in a net fund balance increase of \$7.3 million. Additional information is provided in the discussion on General Fund budgetary highlights on the next page.

Other Major Funds - The **Water and Sewer Construction Fund** is a major governmental fund. This fund accounts for the financing and construction of all major water and sewer capital projects throughout the County. Its fund balance increased by \$5.6 million to \$30.6 million. The largest financing source came from investment earnings of \$1.3 million. Expenditures were \$5.2 million, an increase from \$2.7 million in the prior year. Net transfers from other funds were \$2.1 million and installment purchase obligations of \$7 million were issued to provide funds for construction of new water and sewer lines.

The **School Construction Fund** is the other major governmental fund. This fund accounts for the various multi-year construction projects for the three school systems and community college in the County. Its fund balance increased by \$15.9 million to \$19.7 million. The largest financing source came from installment purchase obligations issued of \$21.6 million. Expenditures were \$6.9 million, a decrease from \$9.5 million in the prior year. Net transfers from

other funds were \$161,575.

Non-Major Funds - Fund balances for non-major funds increased by \$4.5 million to \$37.7 million overall. The **General Capital Projects** and **School Capital Funds** had increases in fund balances of \$2.7 million and \$4.2, respectively. The General Capital Projects was a result of funds transferred from the Emergency Telephone System Fund for the construction of a new public safety center. The School Capital Funds was a result of increases in sales tax, restricted intergovernmental revenues and debt financing.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net assets of the Solid Waste Management Fund at the end of the fiscal year amounted to \$30,817,381 with \$8,696,235 of this amount being unrestricted. The decrease in net assets in this fund was (\$264,288). Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights - During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

- ▶ Amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available.
- ▶ Amendments made to recognize new funding amounts from external sources, such as Federal and State grants.
- ▶ Increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$6,045,655 or .3%. Budgeted revenues

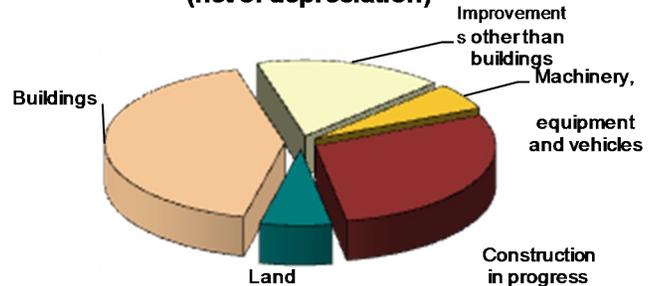
increased due to anticipation of additional federal and state grants available for County services.

Actual revenues were more than final budgeted amounts by \$885,002. The primary factor for this increase was the greater amount of property and sales tax collected plus an increase in investment earnings offsetting the delay in receiving funds from federal and state grants available for County services.

Net amendments to budgeted appropriations were \$6,912,526 or .4%. The majority of amendments were for human services, mainly for change in expectations for receipts of federal and state grants. Actual expenditures were less than final budgeted amounts by \$23,727,413. These cost savings resulted mainly from unspent appropriations of a) \$13 million in services and supplies in human services departments and b) \$2.5 million in salaries and benefits due to temporary vacancies in various departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Catawba County's Total Capital Assets (net of depreciation)



Capital assets - Catawba County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, totals \$118,669,669 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. Major capital asset transactions during the year include the following

Catawba County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 6,198,146	\$ 6,130,794	\$ 6,573,282	\$ 6,307,006	\$ 12,771,428	\$ 12,437,800
Buildings	40,586,955	39,974,211	637,951	791,141	41,224,906	40,765,352
Improvements other than buildings	16,409,996	15,801,237	6,838,879	6,109,443	23,248,875	21,910,680
Machinery, equipment and vehicles	5,497,303	5,071,851	2,840,934	2,356,684	8,338,237	7,428,535
Construction in progress	27,856,123	23,798,178	5,230,100	3,106,359	33,086,223	26,904,537
Total	96,548,523	90,776,271	22,121,146	18,670,633	118,669,669	109,446,904

additions (there were no significant demolitions or disposals):

- ▶ Increase in construction in progress of approximately \$4.1 million primarily for water lines and a wastewater facility.
- ▶ Increase in construction in progress of approximately \$2.1 million primarily for the expansion of Unit 3 of the County landfill.

Additional information on the County's capital assets can be found in note 4.A. of the Basic Financial Statements.

Long-term Debt - As of June 30, 2008, Catawba County had total bonded debt outstanding of \$30,160,000, all of which is debt backed by the full faith and credit of the County. In addition, the County had installment purchase debt of \$45,008,793, certificates of participation debt of \$45,435,000 and Qualified Zone Academy Bonds of \$700,000 for a total debt burden outstanding of \$121,303,793 which is approximately 10% of the legal debt margin of \$1,051,130,601. Catawba County's total debt increased by \$18,582,126 during the past fiscal year, by borrowing \$22.3 million for the construction and renovation of public school and community college facilities and \$7 million for the construction of various wastewater system improvements.

As mentioned in the financial highlights section of this document, Catawba County maintained for the 27th consecutive year, its Aa2 bond rating from Moody's Investor Service and for the 4th 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. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

North Carolina general statutes limit the amount of debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Catawba County is \$1,051,130,601, of

which the County has \$121,303,793 outstanding.

Additional information regarding Catawba County's long-term debt can be found in note 4.B of this report.

FISCAL YEAR 2007-2008 ECONOMIC FACTORS

The following key economic indicators reflect the growth and prosperity of the County.

- ▶ Low debt burden and property tax rate. The County's existing debt obligations are only 10% of its statutory limit. The property tax rate of \$0.535/\$100 was below the State average of \$0.576/\$100 and among the lowest of all 100 counties in North Carolina.
- ▶ Creation of new jobs. Economic Development Corporation successfully assisted with new business developments, most notably by assisting with bringing 726 jobs and nearly \$43 million in investment in Catawba County in 2007. A major announcement in 2008 is that Williams, Sonoma, a home furnishings company picked Catawba County as a site for a future project with the potential of a \$22.5 million expansion that would create up to 820 new jobs over the next five years.
- ▶ Increase in sales tax revenue. Catawba County is a retail magnet for the region. Fiscal year 2008 sales tax revenues are \$1.5 million in excess of prior year.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2009

Governmental Activities - The property tax rate remains at the current \$0.535/\$100 assessed value. The budget projects a 1.65% increase in property tax revenue as a result of new construction and appreciation of property values. Employee compensation includes a 1% cost of living increase and additional increases based on performance. The budget for FY 2008-09 will be \$219,085,919,

Catawba County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 30,160,000	\$ 36,540,000	\$ -	\$ -	\$ 30,160,000	\$ 36,540,000
Installment purchases	45,008,793	17,956,667	-	-	45,008,793	17,956,667
Certificates of participation	45,435,000	48,225,000	-	-	45,435,000	48,225,000
Qualified Zone Academy Bonds	700,000	-	-	-	700,000	-
Total	\$ 121,303,793	\$ 102,721,667	\$ -	\$ -	\$ 121,303,793	\$ 102,721,667

which continues to dedicate two cents on the property tax to pay for the next three years of planned public school and community college construction projects as well as one cent for technology improvements to the three public school systems.

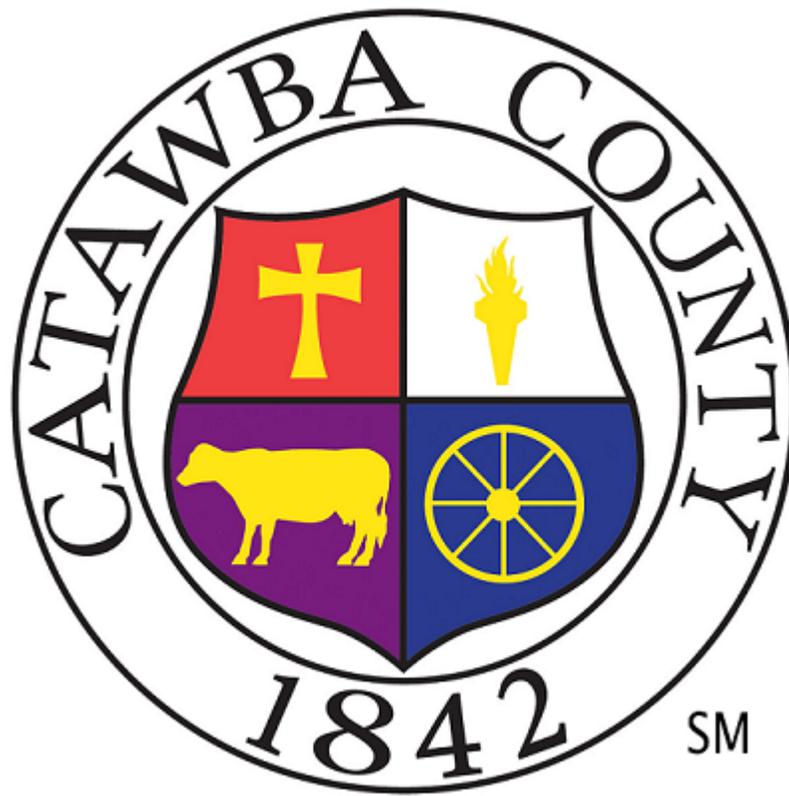
Business – type Activities - The \$11,839,800 budget includes \$6,885,100 for landfill operations and \$4,954,700 in a newly created fund for water and sewer operations. This budget includes a \$3 increase in the landfill tipping fee, and \$1.45 million from sales taxes for water and sewer needs as a result of a

quarter cent sales tax increase as of April 1, 2008.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Catawba County, PO Box 389, Newton, NC 28658. Online information may be found at the County's website <http://www.catawbacountync.gov>.





Basic Financial Statements

CATAWBA COUNTY, NORTH CAROLINA
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 103,514,713	\$ 15,910,610	\$ 119,425,323
Taxes receivable - net	3,162,690	-	3,162,690
Due from other governments	20,038,292	164,460	20,202,752
Notes receivable	721,092	-	721,092
Other receivables	3,944,380	370,271	4,314,651
Interest receivable	644,057	95,081	739,138
Inventories	411,233	-	411,233
Prepaid items	9,965	-	9,965
Deferred charges	661,233	-	661,233
Restricted cash and investments	28,568,703	-	28,568,703
Other assets			
Capital assets:			
Land, improvements, and construction in progress	34,054,269	11,803,382	45,857,651
Other capital assets, net of depreciation	<u>62,494,254</u>	<u>10,317,764</u>	<u>72,812,018</u>
Total capital assets	<u>96,548,523</u>	<u>22,121,146</u>	<u>118,669,669</u>
Net investment in joint venture	<u>760,149</u>	<u>-</u>	<u>760,149</u>
Total assets	<u>258,985,030</u>	<u>38,661,568</u>	<u>297,646,598</u>
Liabilities			
Accounts payable and accrued liabilities	9,857,115	914,743	10,771,858
Unearned revenues	3,007,782	-	3,007,782
Long-term liabilities:			
Due within one year	14,737,807	254,719	14,992,526
Due in more than one year	<u>112,895,724</u>	<u>6,674,725</u>	<u>119,570,449</u>
Total long-term liabilities	<u>127,633,531</u>	<u>6,929,444</u>	<u>134,562,975</u>
Total liabilities	<u>140,498,428</u>	<u>7,844,187</u>	<u>148,342,615</u>
Net Assets			
Invested in capital assets, net of related debt	81,948,941	22,121,146	104,070,087
Restricted			
Public safety	760,149	-	760,149
Register of Deeds	50,450	-	50,450
Debt service	-	-	-
Capital projects	-	-	-
Other	-	-	-
Unrestricted	<u>35,727,062</u>	<u>8,696,235</u>	<u>44,423,297</u>
Total net assets	<u>\$ 118,486,602</u>	<u>\$ 30,817,381</u>	<u>\$ 149,303,983</u>

The accompanying notes are an integral part of the financial statements.

Component Units	
Catawba	
Catawba Valley Medical Center	County ABC Board
\$ 41,721,363	\$ 937,878
-	-
932,106	-
-	-
22,631,517	14,440
429,097	-
4,781,047	1,768,093
1,087,748	4,790
-	-
6,305,938	-
13,256,416	-
8,210,821	-
<u>56,792,837</u>	<u>2,379,236</u>
<u>65,003,658</u>	<u>2,379,236</u>
-	-
<u>156,148,890</u>	<u>5,104,437</u>
22,232,234	934,892
-	-
6,978,158	-
<u>17,653,818</u>	-
<u>24,631,976</u>	-
<u>46,864,210</u>	<u>934,892</u>
44,380,633	2,379,236
-	-
-	-
1,223,638	-
5,010,206	-
72,094	-
<u>58,598,109</u>	<u>1,790,309</u>
<u>\$ 109,284,680</u>	<u>\$ 4,169,545</u>

CATAWBA COUNTY, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 11,203,800	\$ 4,340,110	\$ 1,346,000	\$ 1,746,892
Public safety	26,316,167	6,950,872	236,826	-
Environmental protection	546,680	4,825	70,551	-
Economic and physical development	10,827,271	4,618,557	641,220	125,000
Human services	74,150,353	9,819,859	44,417,405	-
Culture and recreation	2,760,614	62,332	287,420	-
Education	50,388,730	1,081,098	-	2,985,765
Interest on long-term debt	4,584,583	-	-	-
Total expenditures	<u>180,778,198</u>	<u>26,877,653</u>	<u>46,999,422</u>	<u>4,857,657</u>
Business-type activities				
Solid waste management	<u>8,172,432</u>	<u>6,626,224</u>	<u>41,279</u>	<u>148,518</u>
Total primary government	<u>\$ 188,950,630</u>	<u>\$ 33,503,877</u>	<u>\$ 47,040,701</u>	<u>\$ 5,006,175</u>
Component units				
Catawba Valley Medical Center	\$ 175,547,314	\$ 182,072,840	\$ 97,997	\$ 661,680
Catawba County ABC Board	<u>10,811,481</u>	<u>10,975,974</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 186,358,795</u>	<u>\$ 193,048,814</u>	<u>\$ 97,997</u>	<u>\$ 661,680</u>

General Revenues:

Taxes

Property taxes, levied for general purposes

Local option sales taxes

Other taxes and licenses

Investment earnings, unrestricted

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - beginning of year, as restated

Net assets - end of year

Net assets - end of year, as restated

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Catawba Valley Medical Center	Catawba County ABC Board
\$ (3,770,798)	\$ -	\$ (3,770,798)		
(19,128,469)	-	(19,128,469)		
(471,304)	-	(471,304)		
(5,442,494)	-	(5,442,494)		
(19,913,089)	-	(19,913,089)		
(2,410,862)	-	(2,410,862)		
(46,321,867)	-	(46,321,867)		
(4,584,583)	-	(4,584,583)		
<u>(102,043,466)</u>	<u>-</u>	<u>(102,043,466)</u>		
-	(1,356,411)	(1,356,411)		
<u>\$ (102,043,466)</u>	<u>\$ (1,356,411)</u>	<u>\$ (103,399,877)</u>		
			\$ 7,285,203	\$ -
			<u>-</u>	<u>164,493</u>
			<u>\$ 7,285,203</u>	<u>\$ 164,493</u>
\$ 82,048,071	\$ -	\$ 82,048,071	\$ -	\$ -
35,299,813	-	35,299,813	-	-
2,119,554	228,024	2,347,578	-	-
5,786,693	861,349	6,648,042	2,486,035	17,298
(2,750)	2,750	-	-	-
<u>125,251,381</u>	<u>1,092,123</u>	<u>126,343,504</u>	<u>\$ 2,486,035</u>	<u>\$ 17,298</u>
23,207,915	(264,288)	22,943,627	\$ 9,771,238	\$ 181,791
<u>95,278,687</u>	<u>31,081,669</u>	<u>126,360,356</u>		<u>3,987,754</u>
			<u>99,513,442</u>	
<u>\$ 118,486,602</u>	<u>\$ 30,817,381</u>	<u>\$ 149,303,983</u>		<u>\$ 4,169,545</u>
			<u>\$ 109,284,680</u>	

CATAWBA COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2008

	<u>Major Funds</u>			<u>Non Major Funds</u>
	<u>General Fund</u>	<u>Water and Sewer Construction Fund</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>
Assets				
Cash and investments	\$ 44,964,334	\$ 23,453,748	\$ -	\$ 35,096,631
Taxes receivable - net	3,020,443	-	-	142,247
Due from other funds	1,838	-	-	-
Due from other governments	16,966,925	152,201	1,174,450	1,744,716
Notes receivable	-	-	-	721,092
Other receivables	3,927,908	16,472	-	-
Interest receivable	324,729	131,740	-	187,588
Inventories	411,233	-	-	-
Prepaid items	9,965	-	-	-
Restricted cash and investments	475,893	7,000,000	20,072,278	1,020,532
Total assets	<u>70,103,268</u>	<u>30,754,161</u>	<u>21,246,728</u>	<u>38,912,806</u>
Liabilities				
Accounts payable and accrued liabilities	7,851,690	164,330	1,577,340	263,755
Due to other funds	-	-	-	1,838
Deferred revenues	6,923,398	-	-	879,755
Total liabilities	<u>14,775,088</u>	<u>164,330</u>	<u>1,577,340</u>	<u>1,145,348</u>
Fund Balances				
Reserved for inventories	411,233	-	-	-
Reserved for prepaid items	9,965	-	-	-
Reserved for encumbrances	1,378,666	-	-	6,174
Reserved by state statute	17,673,373	-	-	264,628
Reserved for register of deeds	50,450	-	-	-
Unreserved	35,804,493	30,589,831	19,669,388	-
Unreserved, reported in nonmajor				
Special revenue funds	-	-	-	9,707,586
Capital projects funds	-	-	-	27,789,070
Total fund balances	<u>55,328,180</u>	<u>30,589,831</u>	<u>19,669,388</u>	<u>37,767,458</u>
Total liabilities and fund balances	<u>\$ 70,103,268</u>	<u>\$ 30,754,161</u>	<u>\$ 21,246,728</u>	<u>\$ 38,912,806</u>

The accompanying notes are an integral part of the financial statements.

**Total
Governmental
Funds**

\$ 103,514,713
 3,162,690
 1,838
 20,038,292
 721,092
 3,944,380
 644,057
 411,233
 9,965
28,568,703
161,016,963

9,857,115
 1,838
7,803,153
17,662,106

411,233
 9,965
 1,384,840
 17,938,001
 50,450
 86,063,712

9,707,586
27,789,070
143,354,857

\$ 161,016,963

CATAWBA COUNTY, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the Year Ended June 30, 2008

Total <i>fund balances</i> for governmental funds (Exhibit 3)	\$ 143,354,857
Total net assets reported for governmental activities in the statement of net assets (Exhibit 1) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	96,548,523
Net Investment in Joint Venture	760,149
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period expenditures, therefore are reported as deferred revenue in the funds	4,795,371
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in fund statements	661,233
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4)	<u>(127,633,531)</u>
Net assets of governmental activities	<u>\$ 118,486,602</u>

The accompanying notes are an integral part of the financial statements.

CATAWBA COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>Major Funds</u>			<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Water and Sewer Construction Fund</u>	<u>School Construction Fund</u>	<u>Other Governmental Funds</u>	
Revenues					
Ad valorem taxes	\$ 78,004,908	\$ -	\$ -	\$ 3,620,315	\$ 81,625,223
Other taxes	30,257,135	-	-	6,133,975	36,391,110
Unrestricted intergovernmental revenues	1,970,909	-	-	-	1,970,909
Restricted intergovernmental revenues	51,568,009	322,524	1,057,266	3,535,194	56,482,993
Licenses and permits	3,878,231	189,545	-	33,798	4,101,574
Sales and services	15,071,656	-	-	-	15,071,656
Investment earnings	2,574,460	1,267,131	120,953	1,637,783	5,600,327
Miscellaneous	3,809,540	-	-	499,702	4,309,242
Total revenues	<u>187,134,848</u>	<u>1,779,200</u>	<u>1,178,219</u>	<u>15,460,767</u>	<u>205,553,034</u>
Expenditures					
Current					
General government	9,519,151	-	-	425,420	9,944,571
Public safety	21,498,462	-	-	5,418,376	26,916,838
Environmental protection	520,587	-	-	-	520,587
Economic and physical development	10,560,731	-	-	121,821	10,682,552
Human services	73,688,598	-	-	1,729	73,690,327
Culture and recreation	2,694,466	-	-	25,000	2,719,466
Education	38,014,454	-	-	-	38,014,454
Capital outlay	-	5,227,605	6,995,540	7,460,595	19,683,740
Debt service					
Principal	10,724,874	-	-	-	10,724,874
Interest	4,488,983	-	-	-	4,488,983
Total expenditures	<u>171,710,306</u>	<u>5,227,605</u>	<u>6,995,540</u>	<u>13,452,941</u>	<u>197,386,392</u>
Excess of revenues over (under) expenditures	<u>15,424,542</u>	<u>(3,448,405)</u>	<u>(5,817,321)</u>	<u>2,007,826</u>	<u>8,166,642</u>
Other Financing Sources (Uses)					
Transfers from other funds	1,187,011	2,100,000	259,062	5,969,128	9,515,201
Transfers to other funds	(5,308,126)	-	(97,487)	(4,112,338)	(9,517,951)
Installment purchase obligations issued	-	7,000,000	21,607,000	-	28,607,000
Qualified Zone Academy Bonds issued	-	-	-	700,000	700,000
Total other financing sources (uses)	<u>(4,121,115)</u>	<u>9,100,000</u>	<u>21,768,575</u>	<u>2,556,790</u>	<u>29,304,250</u>
Net change in fund balance	11,303,427	5,651,595	15,951,254	4,564,616	37,470,892
Fund Balances - Beginning of Year	<u>44,024,753</u>	<u>24,938,236</u>	<u>3,718,134</u>	<u>33,202,842</u>	<u>105,883,965</u>
Fund Balances - End of Year	<u>\$ 55,328,180</u>	<u>\$ 30,589,831</u>	<u>\$ 19,669,388</u>	<u>\$ 37,767,458</u>	<u>\$ 143,354,857</u>

The accompanying notes are an integral part of the financial statements.

CATAWBA COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in *fund balances* - total governmental funds (Exhibit 4) \$ 37,470,892

The change in net assets reported for governmental activities in the statement of activities (Exhibit 2) is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 5,772,252

Governmental funds do not report the changes in the net investment in joint ventures. However in the Statement of Activities the current year increase (decrease) in this investment is recorded. 50,000

Revenues in the statement of activities that do not provide current financial resources are not recorded as revenues in the funds. 719,362

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (18,582,126)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (2,222,465)

Change in net assets of governmental activities \$ 23,207,915

The accompanying notes are an integral part of the financial statements.

CATAWBA COUNTY, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over/Under</u>
Revenues				
Ad Valorem taxes	\$ 75,377,381	\$ 75,377,381	\$ 78,004,908	\$ 2,627,527
Other taxes	28,031,737	28,031,737	30,257,135	2,225,398
Unrestricted intergovernmental revenues	1,770,000	1,770,000	1,970,909	200,909
Restricted intergovernmental revenues	52,234,717	56,381,745	51,568,009	(4,813,736)
Licenses and permits	3,595,715	3,597,972	3,878,231	280,259
Sales and services	15,672,603	17,497,054	15,071,656	(2,425,398)
Investment earnings	811,700	811,700	2,574,460	1,762,760
Miscellaneous	<u>2,710,338</u>	<u>2,782,257</u>	<u>3,809,540</u>	<u>1,027,283</u>
Total revenues	<u>180,204,191</u>	<u>186,249,846</u>	<u>187,134,848</u>	<u>885,002</u>
Expenditures				
Current				
General government	10,536,659	11,095,621	9,519,151	1,576,470
Public safety	22,511,943	23,496,907	21,498,462	1,998,445
Environmental protection	571,995	616,050	520,587	95,463
Economic and physical development	11,341,004	11,569,741	10,560,731	1,009,010
Human services	81,853,368	86,909,440	73,688,598	13,220,842
Culture and recreation	2,779,803	2,819,539	2,694,466	125,073
Education	38,215,016	38,215,016	38,014,454	200,562
Debt service				
Principal	16,133,030	16,133,030	10,724,874	5,408,156
Interest	<u>4,582,375</u>	<u>4,582,375</u>	<u>4,488,983</u>	<u>93,392</u>
Total expenditures	<u>188,525,193</u>	<u>195,437,719</u>	<u>171,710,306</u>	<u>23,727,413</u>
Excess of revenues over (under) expenditures	<u>(8,321,002)</u>	<u>(9,187,873)</u>	<u>15,424,542</u>	<u>24,612,415</u>
Other Financing Sources (Uses)				
Transfers from other funds	411,599	1,187,011	1,187,011	-
Transfers to other funds	(4,549,274)	(5,760,183)	(5,308,126)	452,057
Installment purchase obligation issued	1,500,230	1,500,230	-	(1,500,230)
Fund balance appropriated	<u>10,958,447</u>	<u>12,260,815</u>	<u>-</u>	<u>(12,260,815)</u>
Total other financing sources (uses)	<u>8,321,002</u>	<u>9,187,873</u>	<u>(4,121,115)</u>	<u>(13,308,988)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,303,427	<u>\$ 11,303,427</u>
Fund Balances - Beginning of Year			<u>44,024,753</u>	
Fund Balances - End of Year			<u>\$ 55,328,180</u>	

The accompanying notes are an integral part of the financial statements.

CATAWBA COUNTY, NORTH CAROLINA
Statement of Net Assets
Solid Waste Management Fund
June 30, 2008

Assets	
Current assets	
Cash and investments	\$ 15,910,610
Due from other governments	164,460
Other receivables	370,271
Interest receivables	<u>95,081</u>
Total current assets	<u>16,540,422</u>
Noncurrent assets	
Capital assets	
Land, non-depreciable improvements, and construction in progress	11,803,382
Other capital assets, net of depreciation	<u>10,317,764</u>
Total capital assets	<u>22,121,146</u>
Total assets	<u><u>38,661,568</u></u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	914,743
Accrued landfill closure and postclosure care costs	194,879
Compensated absences payable	<u>59,840</u>
Total current liabilities	<u>1,169,462</u>
Noncurrent liabilities	
Accrued landfill closure and postclosure care costs	6,594,205
Compensated absences payable	42,863
Other post employment benefits obligation	<u>37,657</u>
Total noncurrent liabilities	<u>6,674,725</u>
Total liabilities	<u><u>7,844,187</u></u>
Net Assets	
Invested in capital assets	22,121,146
Unrestricted	<u>8,696,235</u>
Total net assets	<u><u>\$ 30,817,381</u></u>

The accompanying notes are an integral part of the financial statements

CATAWBA COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Solid Waste Management Fund
For the Fiscal Year Ended June 30, 2008

Operating Revenues	
Charges for services	\$ 6,007,387
Methane recovery	521,073
Other operating revenues	<u>97,764</u>
Total operating revenues	<u>6,626,224</u>
Operating Expenses	
Administration	449,622
Recycling	46,849
Solid waste management improvements	653,991
Solid waste code enforcement	111,887
Sanitary landfill	2,267,765
Landfill closure and postclosure costs	2,661,686
Convenience centers	336,331
Household hazardous waste	70,966
Blackburn landfill methane recovery	558,842
Depreciation	<u>1,014,493</u>
Total operating expenses	<u>8,172,432</u>
Operating income (loss)	<u>(1,546,208)</u>
Nonoperating Revenues (Expenses)	
Investment earnings	861,349
Tire disposal tax	169,794
White goods disposal tax	58,230
Scrap tire grant	<u>41,279</u>
Total nonoperating revenues (expenses)	<u>1,130,652</u>
Income (loss) before contributions and transfers	<u>(415,556)</u>
Capital contributions	148,518
Transfer from General Fund	<u>2,750</u>
Increase (decrease) in Net Assets	(264,288)
Net Assets - Beginning of Year	<u>31,081,669</u>
Net Assets - End of Year	<u>\$ 30,817,381</u>

The accompanying notes are an integral part of the financial statements

CATAWBA COUNTY, NORTH CAROLINA
Statement of Cash Flows
Solid Waste Management Fund
For the Fiscal Year Ended June 30, 2008

Cash Flows from Operating Activities	
Cash received from customers	\$ 6,216,277
Cash paid for goods and services	(2,122,346)
Cash paid to employees	(1,509,528)
Other operating revenues	<u>97,764</u>
Net cash provided (used) by operating activities	<u>2,682,167</u>
Cash Flows from Noncapital Financing Activities	
Tire disposal tax	169,794
White goods disposal tax	58,230
Scrap tire grant	41,279
Transfer from general fund	<u>2,750</u>
Total cash provided by noncapital financing activities	<u>272,053</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(4,465,006)
Capital contribution - economic development grant	<u>148,518</u>
Net cash provided (used) by capital and related financing activities	<u>(4,316,488)</u>
Cash Flows from Investing Activities	
Investment earnings	<u>910,672</u>
Net increase (decrease) in cash and cash equivalents	(451,596)
Cash and cash equivalents - beginning of year	<u>16,362,206</u>
Cash and cash equivalents - end of year	<u>\$ 15,910,610</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (1,546,208)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation and amortization	1,014,493
Increase (decrease) in landfill closure and postclosure care costs	2,661,686
Changes in assets and liabilities	
(Increase) decrease in refundable sales tax	(18,031)
(Increase) decrease in other receivables	(294,152)
Increase (decrease) in accounts payable	813,794
Increase (decrease) in other liabilities	42,556
Increase (decrease) in accrued compensated absences	<u>8,029</u>
Total adjustments	<u>4,228,375</u>
Net cash provided by operating activities	<u>\$ 2,682,167</u>

The accompanying notes are an integral part of the financial statements

CATAWBA COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 92,074</u>
Liabilities	
Miscellaneous liabilities	<u><u>\$ 92,074</u></u>

The accompanying notes are an integral part of the financial statements