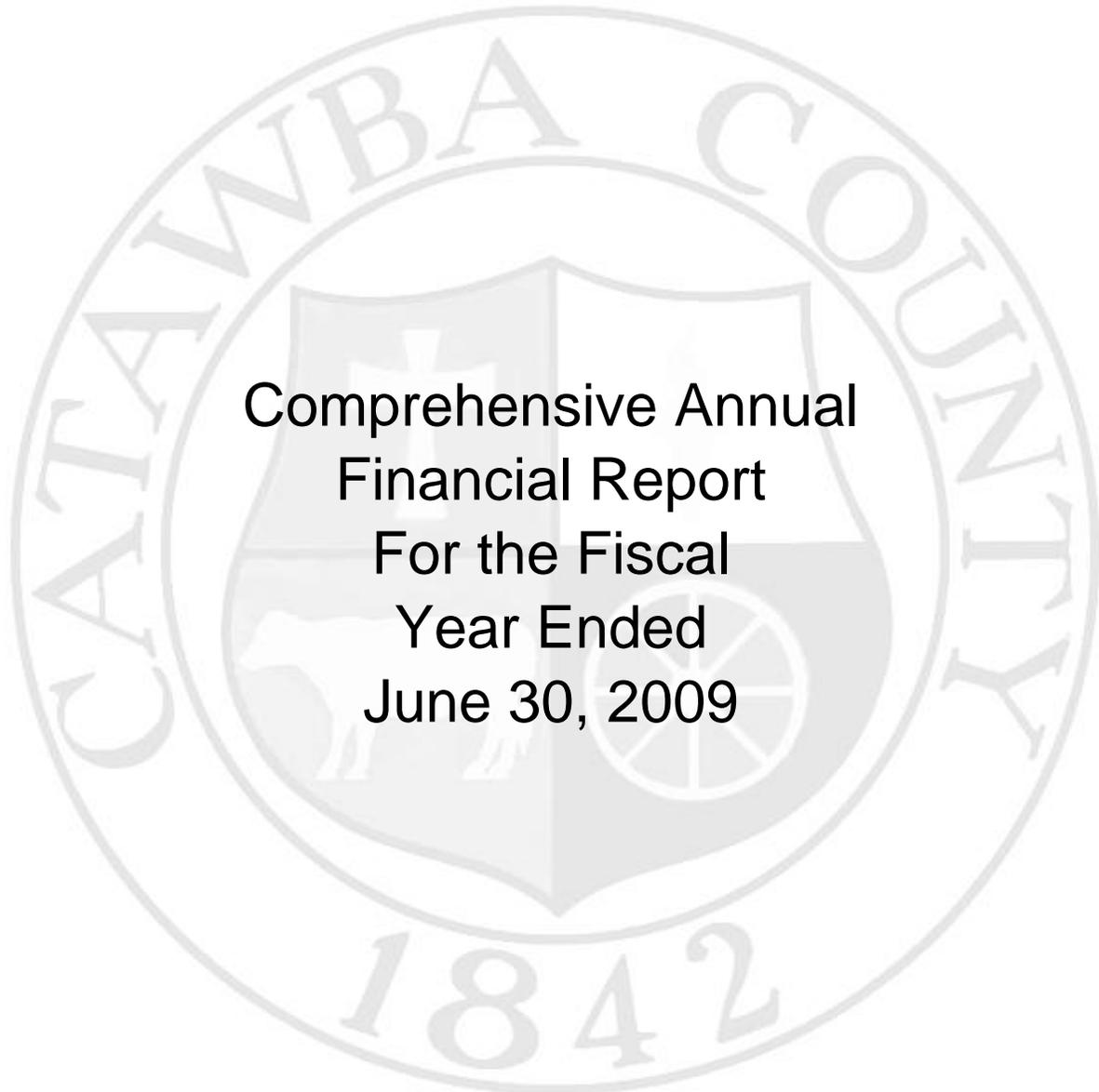


Catawba County, North Carolina



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

J. Thomas Lundy, County Manager
Rodney N. Miller, Director of Finance

Prepared by Catawba County Finance Department
Published November 19, 2009

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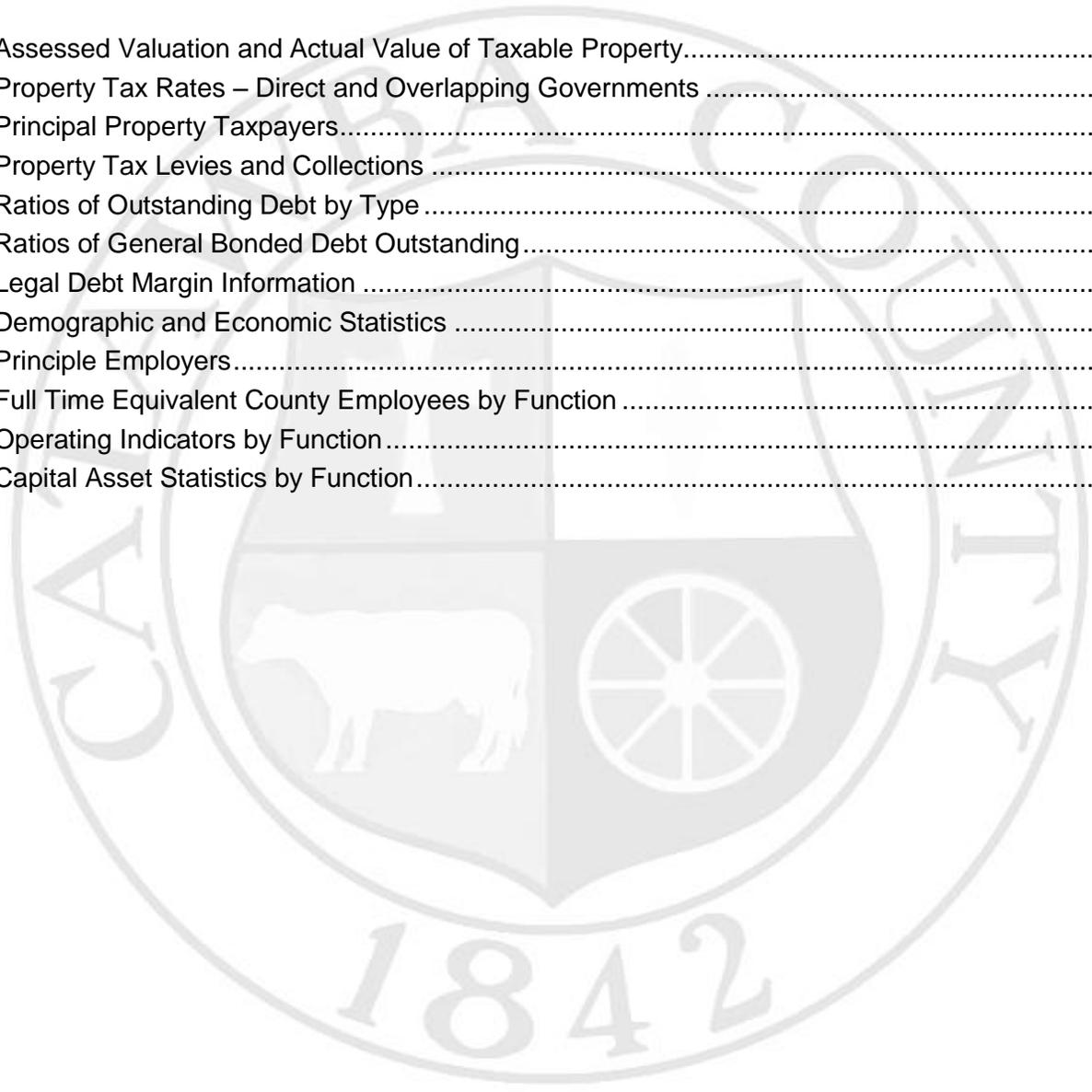
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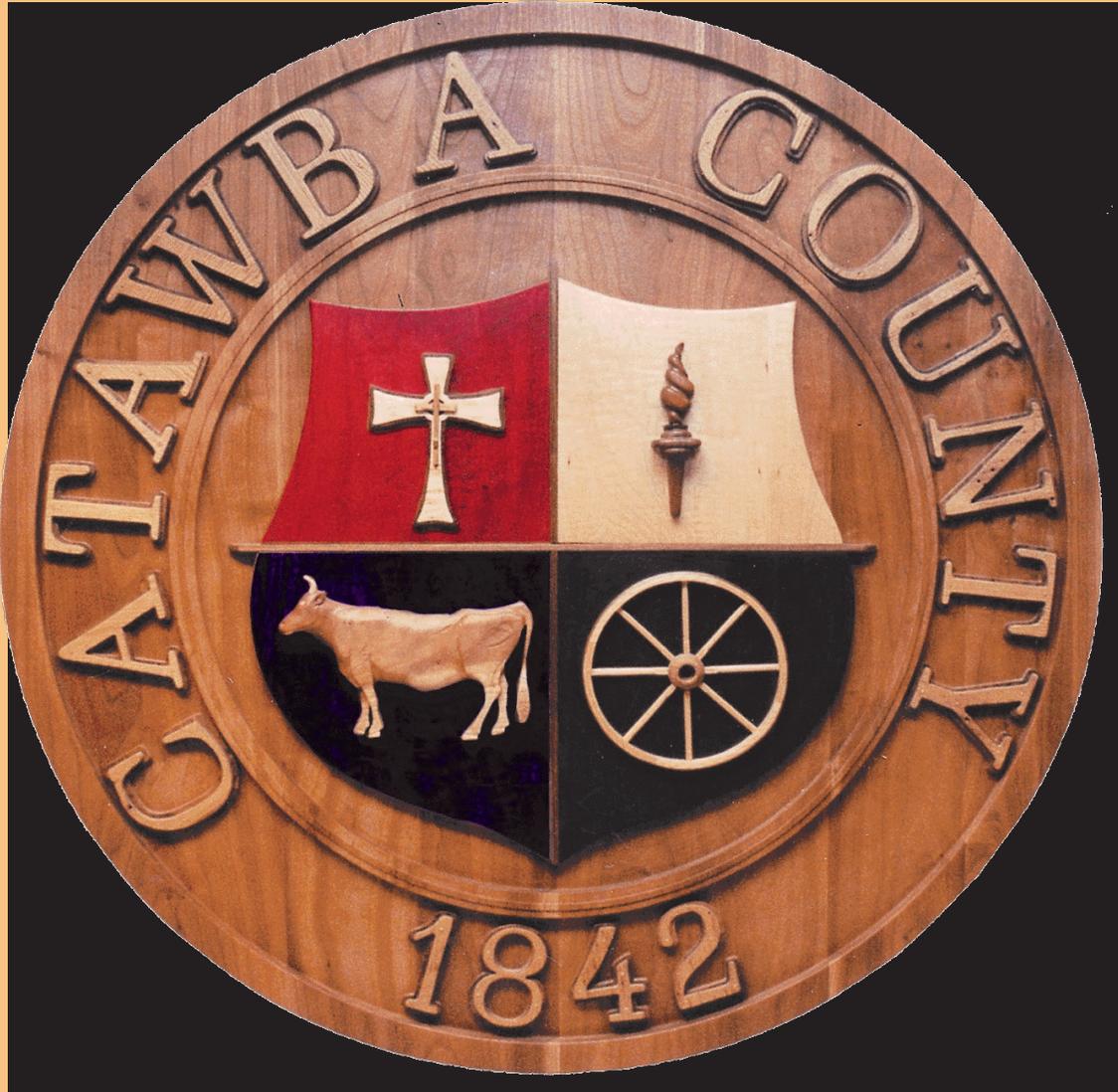
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BOARD OF COUNTY COMMISSIONERS



**Katherine W.
"Kitty" Barnes**
Chair



**Lynn M.
Lail**
Vice Chair



**Barbara G.
Beatty**



**Glenn E.
Barger**



**Dan A.
Hunsucker**



CATAWBA COUNTY

P.O. Box 389 100-A South West Boulevard Newton, North Carolina 28658-0389 Telephone: 828-465-8201
www.catawbacountync.gov Fax: 828-465-8392

Catawba County Board of Commissioners
and Citizens of Catawba County, North Carolina

November 19, 2009

State law requires that all local governments have its financial records audited as soon as possible after the close of each fiscal year by an independent certified public accountant using generally accepted auditing standards. It is also requires that a local government publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Catawba County for the fiscal year ended June 30, 2009.

THE REPORT

This report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

“ . . . we hereby issue the Comprehensive Annual Financial Report of Catawba County for the fiscal year ended June 30, 2009”

The County’s financial statements have been audited by Martin, Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County’s financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. Issuance of an unqualified opinion means an auditor, upon review of a county’s financial statements and accompanying notes, certifies that the financial statements are reliable and represent the true financial condition of the county. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not



“Keeping the Spirit Alive Since 1842!”

only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports, along with the schedule of expenditures of Federal and State awards, findings and recommendations, if any, are published in a separate report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

COUNTY PROFILE

Located in a peaceful valley just east of the Blue Ridge Mountains, Catawba County is a land of scenic beauty, diverse cultures, and various industry. Three beautiful lakes are located within its 414 square miles, and the Catawba River winds along its northern and eastern border. The County is named for the river and the Catawba Indians who foraged in the valley and were friendly and helpful to the first settlers who arrived in 1747.

Catawba County was officially established on December 12, 1842 when Lincoln County was

divided by an act of the North Carolina General Assembly. The North Carolina General Assembly passed legislation to the effect that "the present Town of Newton as selected and

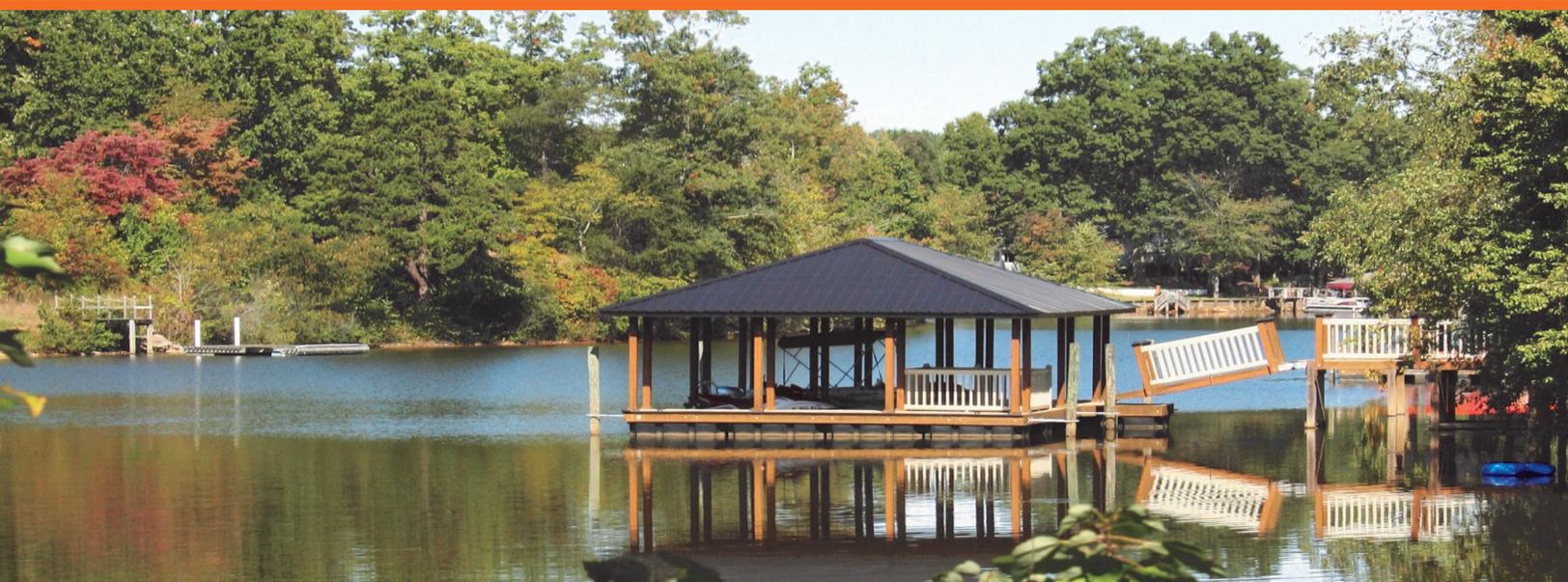


laid out shall be the site and location of the courthouse and jail of Catawba County." The County has eight cities and towns and a population of 157,073, ranking 17th largest out of 100 counties in North Carolina.

In 1937, Catawba County became the third county in the State to adopt the Council-Manager form of government. The Board of Commissioners is comprised of a five-member board elected at large on staggered terms in a countywide election. The Board of Commissioners is the policy-making and legislative authority for the County. It is responsible for adopting the annual budget, approving zoning and planning issues and other matters related to the health and welfare of the County. The Board makes appointments to various boards and commissions and appoints

Below: Boat dock on scenic Lake Hickory in Catawba County.

Photo courtesy: Kenneth Maynor



the County Manager. The County Manager is the chief executive officer and is responsible for enforcement of laws and ordinances, preparation and administration of the annual budget, delivery of services, implementing policies, managing daily operations and appointment of department heads. The County is fortunate to have stability in its management structure with the County Manager affording the County 37 years of continuous service.

Catawba County provides its citizens with a broad range of services that include public safety, environmental protection, health and human services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards and commissions to assist their efforts in serving citizens. Among these are the Catawba County, Hickory City and Newton-Conover City Schools, Catawba Valley Community College (CVCC), Catawba County Economic Development Corporation and the Hickory Metro Convention and Visitors Bureau.

The annual budget serves as the foundation for the County's financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the County operates.

LOCAL ECONOMY

In the midst of the longest U.S. recession in a quarter century, the region's economy struggled this past year, with the unemployment rate increasing from the prior year at the third highest rate in the nation in March 2009. The region, which includes Alexander, Burke, Caldwell and Catawba counties has seen its unemployment rate peak at 15.6% in February 2009, the highest rate of the 14 metro areas in North Carolina. Approximately 12,000 more people were unemployed in June 2009 than in June 2008, with 6,900 of those in the manufacturing sector, which accounts for about 33 percent of the jobs in the region. Since 2000, the region has lost approximately 32,000 jobs, or 15.5 percent of its workforce.

For Catawba County specifically, the unemployment rate increased over the past year from 8.2% in July 2008 to 14.9% in July 2009. Fortunately, the county rate has decreased slightly from its high of 15.6% in March, the highest rate since 1975. Catawba County is home to a large industrial base, heavily concentrated in manufacturing at 31 percent, and nearly three times the national average of 12 percent. The county and region are renowned as

Below L-R: Cline Village; EMS crew assisting patient for transport to trauma center; Library branch manager Betty Jean Stinson; Early sunset in Catawba County.

Photos courtesy (L-R): Economic Development Corporation, Emergency Management Services, Tammy Wilson, Cathy Yount



a furniture-manufacturing and distribution center, with approximately 500,000 annual visitors to two furniture malls and twenty miles of furniture stores between Hickory and Lenoir, two of the largest cities in the region.

During the last economic recession in 2002, significant job losses occurred primarily in the County's traditional industries of furniture and textiles. Though most of the textile jobs will never return to the county, a result of cheaper labor overseas, the furniture industry still needs skilled workers; especially cutters, sewers and upholsterers, which provides some hope for the future for those workers facing unemployment.

In the current recession, job losses have extended to other industries such as telecommunications, automotive, and banking, in addition to the County's traditional industries. Major employers including Corning, CommScope, Shurtape, Getrag, GoldToe Moretz, and Furniture Brands International have all announced layoffs over the past year, unable to avoid the decreased demand for their products and services and the lingering effects of the global recession.

In spite of the hardship that some employers have faced in the county, a surplus of available skilled workers has provided opportunities for existing companies to expand their current facilities. Last year, Poppelmann Plastics USA announced plans for a \$6 million Phase II expansion in Claremont, adding to its \$17 million manufacturing and warehouse facility that opened the previous year. In October, Technibilt completed a \$3 million expansion to its Newton facility to meet increased demand for shopping carts. Also, the von Drehle Corporation invested in a \$4 million expansion adding a new

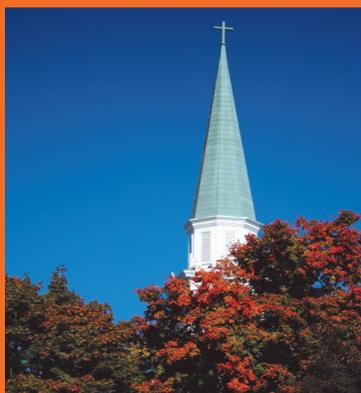
production line and 31 jobs to its Maiden facility, which will allow it to produce more than four million cases of recycled towel and tissue per year. In December, Fiber-Line Inc. held a groundbreaking on a \$4.5 million project creating 10 new jobs initially, which will be the second major expansion in the last ten years and double the size of its existing facility in Hickory. Earlier this year, BSN Medical, a worldwide producer of medical supplies added a \$2.3 million expansion to its existing facility in Conover, adding 25 new jobs. Finally, Ethan Allan announced a \$2.25 million expansion to its Maiden facility, adding 150 new jobs, and re-hiring 152 positions that had been eliminated the year before.

In addition, new manufacturing companies have recognized the availability of the county's skilled workforce and re-located to the area. Sutter Street, a division of Williams Sonoma began construction of a \$2.7 million facility in Hickory, which will add 820 jobs to the furniture industry over the next five years. Also in Hickory, Turbotec Products expanded its manufacturing operations into an existing manufacturing facility creating an additional 30 jobs.

Furthermore, through some targeted economic development efforts the County has diversified its economic base from traditional manufacturing. County officials worked with ADEVCO Corporation, a real estate development firm, to construct a \$5 million speculative call center last year, and in

Below L-R: Shonda Hollis Emergency Management Services; First United Methodist Hickory; Annual Household Hazardous Waste & Electronics Collection Event; Rock Barn Golf & Spa Clubhouse.

Photos courtesy (L-R): Lee Yount, Kenneth Maynor, Amanda Kain, Economic Development Corporation



December, Covation LLC agreed to purchase the building, along with \$6.2 million in improvements, which will provide over 900 new customer support jobs to the County over three years. Also in December, Convergys Customer Management Group opened a \$4 million call center in a former Joan Fabrics building creating 600 new jobs. The center is providing technical support and customer service for Fortune 500 clients and leaders in the telecommunications industry. In Claremont, Niagara Ventures has built a new Data Storage speculative building, which is the first of four buildings proposed on the site. Efforts like these have helped Catawba County's recruitment efforts, because the county has been at a severe disadvantage due to its lack of existing buildings that are easy to up fit to a company's needs.

In June 2009, a new Target distribution center opened in Newton, providing more than 500 new jobs in the county. The \$90 million facility is the largest distribution facility in the Charlotte region at 1.5 million square feet, and is a prototype for Target's regional distribution centers, serving 60 to 80 retail stores.

In July, all of the combined economic development efforts of local and state officials paid off, with the announcement that Apple, Inc will invest \$1 billion in Maiden toward a data center project. The project will create 50 new jobs and 250 related jobs upon its completion, along with 750 local construction jobs during construction. The 183-acre site had been marketed as a multi-jurisdictional park to attract a data center similar to the \$600 million Google, Inc. complex in an adjacent county, with large amounts of power and water available. With the announcement, Catawba County has secured its largest economic development project in the history of the county.

Even though the County has been mired in the worst recession in twenty-five years, it has been fortunate to announce new investment totaling more than \$1.15 billion and 1,478 new jobs since July 08.

“Even though the County has been mired in the worst recession in twenty-five years, it has been fortunate to announce new investment totaling more than \$1.15 billion and 1,478 new jobs since July ‘08.”

In addition to a large manufacturing and industrial base, the County is supported by a strong service-sector, accounting for more than half of the economic engine in Catawba County. CarMax, the nation's largest retailer of used cars opened its first store in the county earlier this year, employing 45 people and stocking 300 used vehicles.

The County is also a major medical hub, with a prospering medical and health care community, with two large medical centers, one county-owned and both profitable. In 2008, Frye



Left: Ribbon Cutting Ceremony of the Target Distribution Center, June 2009.



Photos courtesy: Lee Yount

Regional Medical Center received a five-star rating for cardiac, treatment of heart failure and coronary interventional procedures. The rating came from HealthGrades, a national provider of healthcare ratings comparing the quality of care of 5,000 hospitals across the country using clinical indicators. Later in the year, Frye Regional Medical Center also received a Distinguished Hospital award from J.D. Power and Associates, a global marketing information services firm. It was the only hospital in the State who has won the award three times for providing an outstanding inpatient experience to its visitors. Catawba Valley Medical Center, a county-owned facility, embarked on the first phase of its expansion with a \$25 million renovation of its surgical suite, creating three new operating rooms and renovating the others with new technology. The project was financed with bonds offered through the American Recovery and Reinvestment Act, which gave a 35%-45% tax credit on the interest payable over the life of the loan. Future plans include a new central energy plant and tower addition, estimated at \$45 million.

Though retail sales have decreased significantly this past year, Catawba County remains a retail magnet for the region, capturing 60% of the \$4.0 billion in retail sales from the four-county Metropolitan Statistical Area (MSA), compared to only 43% of the population. The County has approximately 150 retail furniture showrooms and outlets as well as two internationally known furniture malls totaling 1.3 million square feet of exhibit space. Though Catawba County's population ranks 17th largest in North Carolina, its retail sales per capita ranks 10th highest out of 100 counties. Furthermore, Catawba County boasts of a strong tourism industry, ranking 16th in tourism expenditures across the state, and more than one million visitors each year generating \$2.8 billion in economic activity, accounting for fifteen percent of the County's economy.

The local economy received some positive news in 2009 as federal funding from the American Recovery and Reinvestment Act began flowing into the County. Catawba County received a \$3 million grant to install a water loop, consisting of 11 miles of

water lines, which will service the town of Maiden and the southeastern portion of the county. Also, though not a direct grant to the County, Greenway Public Transportation, which serves Catawba, Alexander, Burke and Caldwell counties, received a \$2.5 million grant to upgrade its transit system. The agency was created last year when transit authorities in the four counties combined to form a single entity to provide regional transit service. Grant funding will be used to purchase some new hybrid vehicles, smaller vans, improve fleet maintenance and to install computers on para-transit vehicles to improve route efficiency. Also, the City of Conover landed a \$2.1 million federal grant to create a planned passenger rail station. The funds will be used to renovate a vacant manufacturing facility that was constructed in the early 1900s, and provide a multi-modal transit station, which will combine rail and bus passenger service at one site.

*Right :
Retail
shopping;
Valley
Hills Mall
and
Downtown
Hickory.*



Photos courtesy: Economic Development Corporation

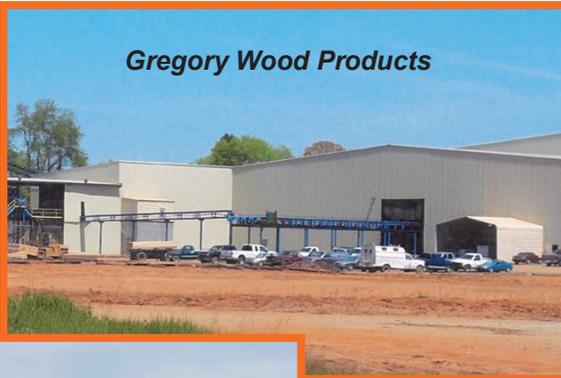
In addition to grant funding, the county received some national and state exposure this past year, which will hopefully improve economic development in the County. This summer, news crews from CNN embarked on the County's landfill to see the EcoComplex, a Regional Biosolids Processing Facility. The complex is designed to improve the ecology of Catawba County and promote economic development by attracting jobs in the green energy, agricultural and environmental sectors. Currently, two businesses are located at the facility producing wood products. Also, the County is partnering with Appalachian State University, who recently received a grant from the Golden LEAF Foundation for a biodiesel research facility to be located in the EcoComplex using the electricity and heat generated at the facility. The facility will provide testing and research for biodiesel manufacturers in western NC as well as producing biodiesel from agricultural crops at the landfill and surrounding farms. This will be the first facility of its kind in the state and will meet Leadership in Energy and Environmental Design (LEED)

standards. The EcoComplex received the National Association of Counties Achievement Award in 2008, which gives national recognition to significant and innovative programs, which improve county organization, management and service delivery.

The environmental efforts of the County were on display across the State as the NC Association of County Commissioners held their annual conference in Catawba County this past year. During the conference, sustainable efforts of the County were discussed, including tours of the EcoComplex and energy and environmental practices that the County has implemented.

Several Catawba County businesses were also recognized for their impact to the environment as Hickory Chair, a 97-year old furniture company in the county, was the first recipient of the Sage Award by the American Home Furnishings Alliance. The award recognizes companies that are environmental leaders while also serving as strong contributors to their local community and remaining a profitable business. The judges cited the involvement of employees at every level in environmental stewardship and social responsibility, including better machine utilization, reduced energy consumption, and

reduced landfill waste as a few examples. Also, Corning Cable Systems was



Gregory Wood Products



Pallet One



Landfill Gas-to-Energy Facility



Blackburn Resource Recovery Facility

Above: Existing components of the Catawba County EcoComplex.

Photos courtesy: Utilities & Engineering

recognized by the NC Department of Environment and Natural Resources as an Environmental Steward in 2008. The award recognized their superior environmental performance, commitment to continued reduction of its environmental impact and demonstrated commitment to exceed compliance. Finally, a local furniture manufacturer, Vanguard Furniture received a unique furniture order in late 2008, an

order to provide a piece of furniture to the White House for the President and Mrs. Obama. The piece was custom built in Catawba County within two days and delivered to the White House in January 2009.

LONG-TERM FINANCIAL PLANNING

Beginning in 2007, the County began preparing an eight-year Capital Improvement Plan (CIP) to anticipate and plan for future capital expenditures. As of June 30, 2009, \$295 million in capital needs have been identified over the next eight years. This includes over \$170 million in school and community college construction needs, with three new elementary schools and a middle school planned for the three school systems in the County along with a new vocational building and arts center for Catawba Valley Community College (CVCC). To help pay for these needs, the Catawba County Board of Commissioners implemented a four-year funding cycle in fiscal year 2007-08 by dedicating two cents of the property tax rate, approximately \$2.8 million, along with \$1.4 million in lottery funds, as well as pledging the amount of school/community college debt retired each year towards new construction. This will provide funding for \$73.5 million in new construction needs over four years for all three school systems and CVCC. The Board of Commissioners continued this funding plan in the 2008-09 fiscal year, putting those funds towards expansion projects at four high schools and to construct a new Snow Creek elementary school, designed to be the county's first LEED certified school.

As the county continues to grow, planning for infrastructure is essential to encouraging orderly economic development, preventing urban sprawl, and accommodating that growth in adequate facilities. In 2007, the NC General Assembly agreed to assume responsibility for Medicaid costs from counties, phasing out those costs over three years and reducing local sales tax revenues to help pay for the change. Furthermore, counties were allowed to implement a new revenue option, either a ¼ cent sales tax or a land transfer tax, approved by local referendum. The new ¼ cent sales tax passed by an overwhelming majority on November 6, 2007 for Catawba County. This revenue source is currently providing

approximately \$5 million a year in revenue and has been a long-term goal for Catawba County, which has looked for the State to provide relief from the ever-increasing cost of Medicaid and to provide additional revenue options to keep up



Photo courtesy: Jeanne Jarrett

Above: Construction of Snow Creek elementary school.

with growth in the County. Some of the additional funds are planned to be used for the addition of courtroom space (a county responsibility) and a new Public Safety facility, which will include a 911 Communication Center, an Emergency Operations Center (EOC) and a Newton EMS base. A space needs study and facility master plan have been prepared and the architect selection process for both projects is underway.

The remaining sales tax revenues are being set aside for economic development, education, and water and sewer needs in the county. The Board of Commissioners expanded a policy established in fiscal year 1994-95 of setting aside funds, one and a half cents on the property tax rate or \$2.2 million, in fiscal year 2008-09 for future water and sewer projects throughout the county. Those funds, along with an additional \$1.4 million in sales tax revenues will help fund approximately \$32 million in water and sewer needs identified over the next eight years.

Also, increased growth in the County's jail population necessitated a \$17.5 million jail expansion in 2007, which added an additional 172 beds, now totaling 259 beds, and a facility designed for future expansion. Planning for the

facility began more than five years ago and the Board of Commissioners dedicated three cents of the tax rate, or \$4.2 million for annual operating costs and debt service for the new jail.

Another long-term initiative by the County was the formation of an education task force to improve the educational attainment of the region, which ranks last out of 14 metro areas across the State.

Several efforts have begun, such as increasing local teacher supplements, which helps attract and retain the best and brightest teachers in the County. In addition, the Board of Commissioners added a cent on the tax rate in 2007 to fund much needed technology updates for all three school systems, which will help foster a positive learning environment for our children. That same year, a $\frac{3}{4}$ cent tax increase was added for school current expense to meet operational costs and continue implementation of the long-term initiatives. Those efforts seem to be producing dividends as evidenced by Newton-Conover City Schools ranking 1st out of 115 school districts statewide in meeting 98% of their Adequate Yearly Progress targets established by the federal government for 2008.

Furthermore, the County has invested in its educational future by continuing to support higher education initiatives designed to improve the educational attainment in the region. The Hickory Metro Higher Education Center opened in 2003 through a partnership with Catawba County, the City of Hickory, Catawba Valley Community College, Lenoir-Rhyne University and Appalachian State University (ASU). Since opening, HMHEC has provided a unique collaborative learning experience to the area that serves the needs for graduate, undergraduate, non-credit certificate courses, research and specialized workforce training. Earlier this year, the name of the center changed to Appalachian State University Center at Hickory, which created a new partnership consisting of ASU, CVCC, Caldwell Community College and Western Piedmont Community College to expand degree offerings in the region. In 2008, the center added four new bachelor degree programs in communications, psychology, criminal justice and business administration, which have further assisted local

residents with their higher education needs including more than 500 adults who have completed degree or licensure programs at the center.



Photo courtesy: Economic Development Corporation

Above: Appalachian State University Center at Hickory.

A similar endeavor was the creation of a new Engineering Technology Center, part of Western Carolina University's engineering technology degree program. This effort began as a regional economic development initiative and has become reality with public and private contributions of more than \$2.5 million. It is currently offering undergraduate degree programs enabling individuals employed in business, industry and State-related occupations to pursue a four-year degree through part-time evening study.

The county continues to support its local community college, Catawba Valley Community College, as it faces unprecedented growth in enrollment as the economic recession lingers in the region. To help accommodate the increase in students, the County assisted with the purchase of property adjacent to the campus for a new Center for Emerging Manufacturing Solutions, which will help create new and protect existing jobs in the area. The center will provide training, prototyping and research development for the manufacturing industry. In spite of significant budget cuts from the State, CVCC was named one of the top ten tech-savvy community colleges across the country by the Center for

Digital Education and the American Association of Community Colleges. CVCC was ranked 5th out of colleges nationwide in the mid-sized category (3,000-7,500 students) and was the only community college recognized in North Carolina.

With the Hickory Metro region having the distinction as the largest metropolitan statistical area in the state without a public university presence, it is hoped that these efforts will help the County remain economically viable by giving its citizens additional higher education opportunities that are desperately needed.

CASH MANAGEMENT POLICIES AND PRACTICES

Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities; high-grade commercial paper, certificates of deposit and participating shares in a Local Government Commission certified mutual fund for local government investment. The objectives of the County's investment program are safety, liquidity and yield, in that order. Investment options are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2009 for all funds is \$142 million. Investment income includes appreciation or depreciation in the fair value of investments at June 30, 2009. Increases/decreases in fair value during the current year; however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

PENSION PLANS

Permanent County employees regularly scheduled to work 20 hours or more each workweek are required to participate in the North Carolina Local Governmental Employees' Retirement System. This system, as well as optional supplemental retirement plans available to employees and the required supplemental retirement plan for law enforcement officers, are discussed in more detail in the notes to the financial statements.

AWARDS

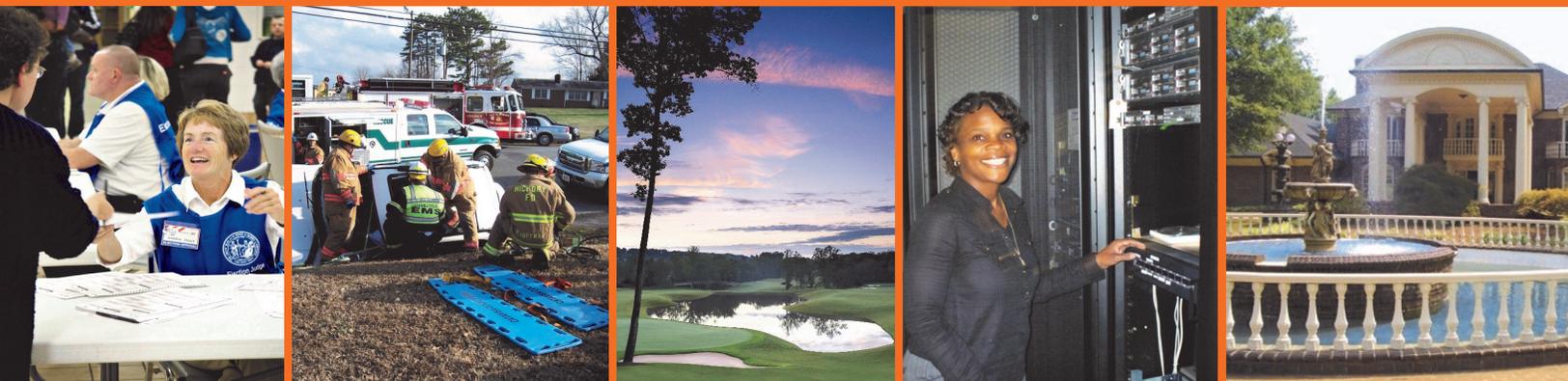
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Catawba County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Catawba County has received

Below L-R: Election worker at the polls; Emergency crew working to free victim trapped in a car; Rock Barn golf course; Michelle Williams programmer; Mosteller Mansion.

Photos courtesy (L-R): Lee Yount; Emergency Management Services; Economic Development Corporation; Marcia Hardy; Economic Development Corporation



AWARDS AND ACKNOWLEDGEMENTS

a Certificate of Achievement for the last 27 consecutive years. We believe this current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

In addition, the County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2008. This is the twentieth consecutive year that the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

ACKNOWLEDGEMENTS

Each County department's strong commitment to the goals, vision and mission statements of the County government is reflected in the services provided to the residents of Catawba County. We appreciate the cooperation of all the

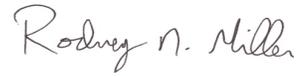
County departments in carrying out the financial activities encompassed in this report. The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Special recognition is extended to Martin, Starnes & Associates, CPAs for their assistance with the report.

In closing, we thank the Catawba County Board of Commissioners for its leadership and support in making Catawba County a fiscally sound, well-governed community.

Respectfully submitted,



J. Thomas Lundy
County Manager



Rodney N. Miller
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

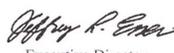
Presented to

**Catawba County,
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008



President



Executive Director

ORGANIZATIONAL STRUCTURE

