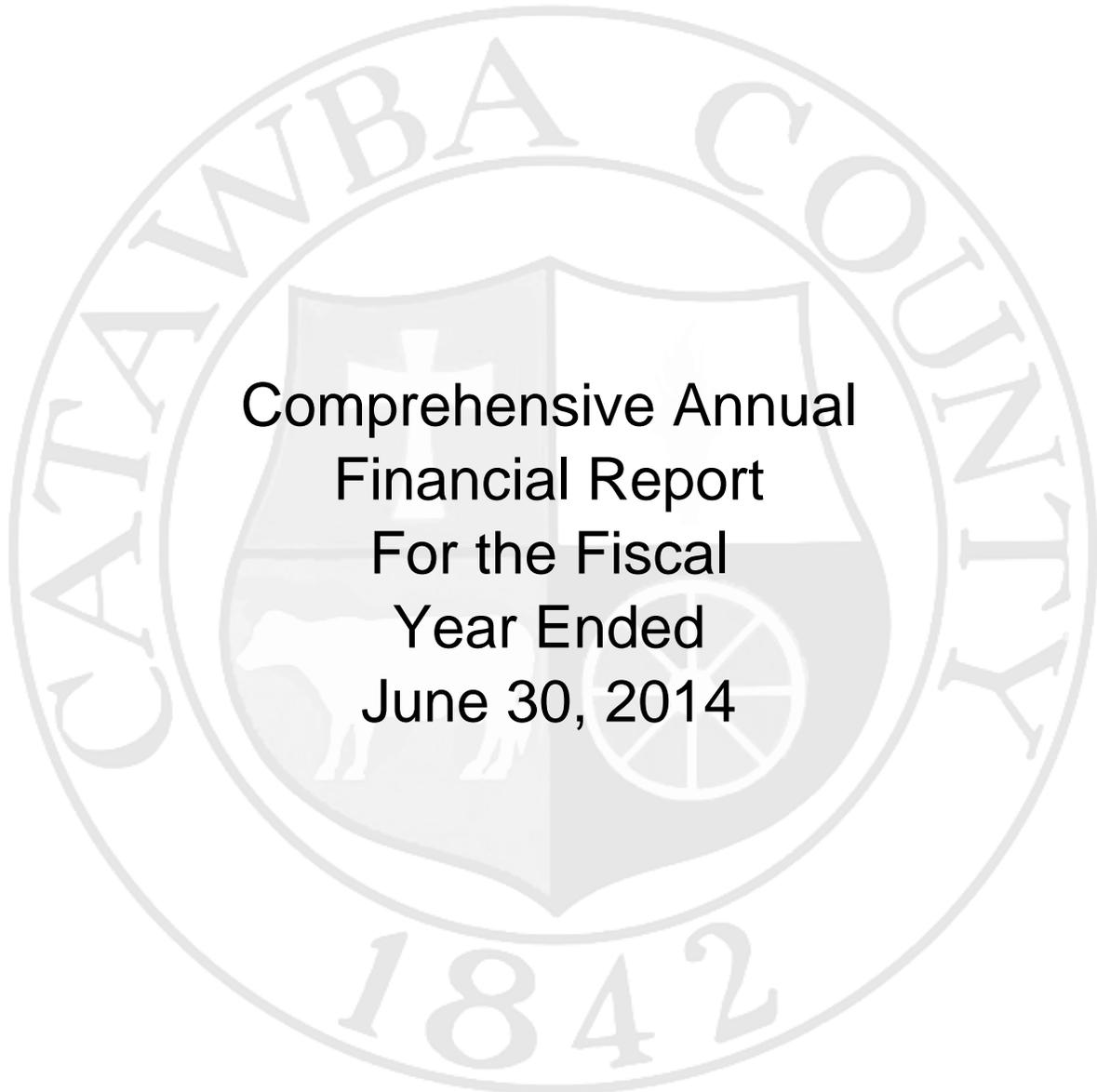


# 2014 Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

**CATAWBA**  
COUNTY  
North Carolina

# Catawba County, North Carolina



## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

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Prepared by Catawba County Finance Department  
Published November 17, 2014

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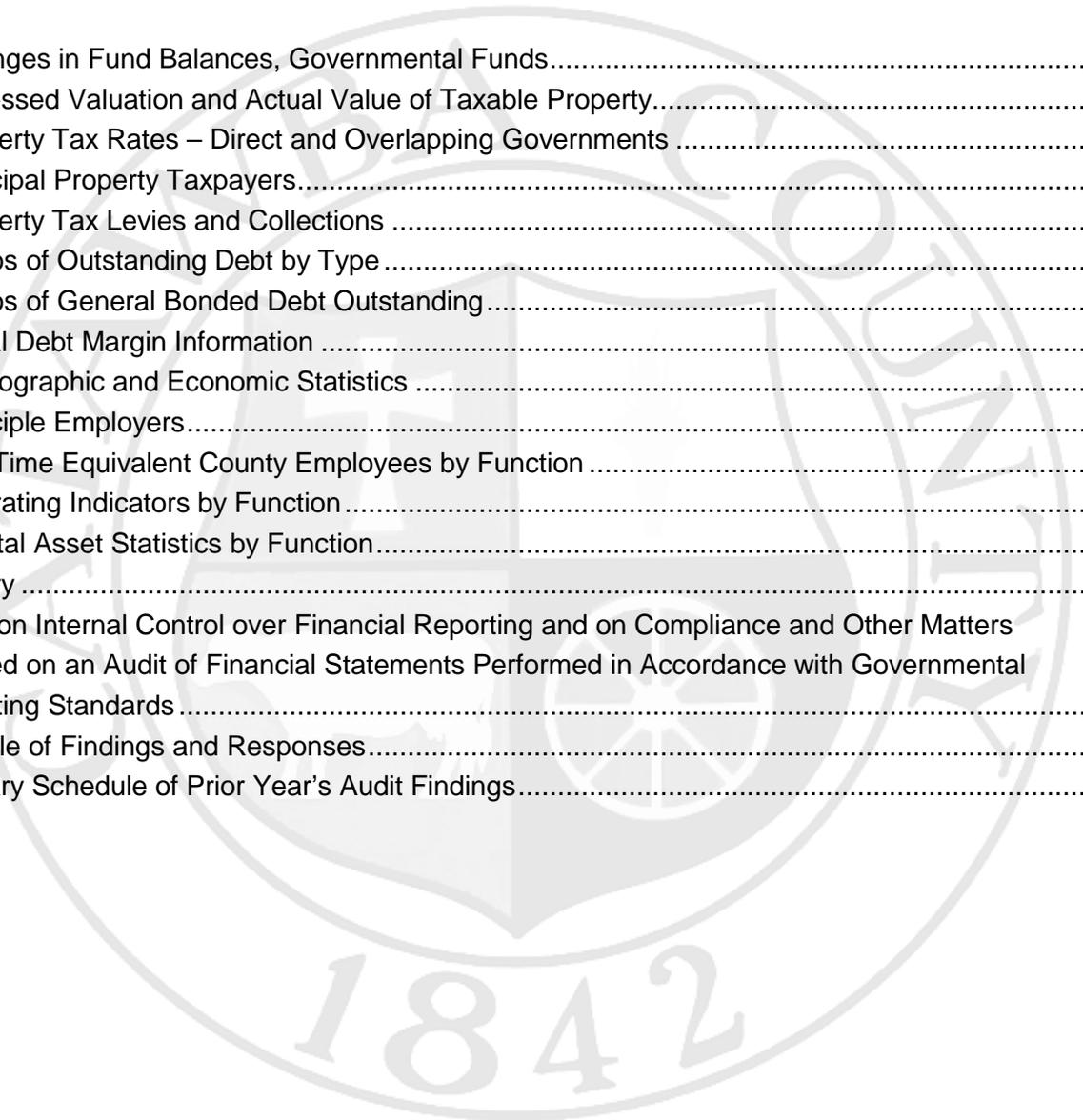
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**Catawba County Board of Commissioners**  
*Barbara G. Beatty, Katherine W. "Kitty" Barnes - Chair, Lynn M. Lail  
Dan A. Hunsucker, C. Randall Isenhower - Vice Chair*



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

November 17, 2014

State law requires that all local governments have its financial records audited as soon as possible after the close of each fiscal year by a certified public accountant using generally accepted auditing standards. It is also required that a local government publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Pursuant to those requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) for Catawba County for the fiscal year ended June 30, 2014.

### 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, 2014”*

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, 2014, 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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. Issuance of an unmodified 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 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 east of the Blue Ridge Mountains, Catawba County is within an hour's drive of the Charlotte metropolitan area and its internationally recognized banking center and airport. The county's mid-Atlantic location is halfway between New York and Miami and includes a land of scenic beauty and diverse cultures with a large industrial workforce. Three 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 settled in the



valley and welcomed the first German and Scotch-Irish settlers who migrated to the County 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 with a population of 155,411, maintaining its ranking of 17<sup>th</sup> largest out of 100 and one of 27 urban 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 that is the policy-making and legislative authority for the County. The Board makes appointments to various boards and commissions and appoints 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 more than forty 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 outside 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 balanced budget and recommends 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**

The local economy has improved significantly since the national economic recession ended in

2009. The region, which includes Alexander, Burke, Caldwell and Catawba counties, has shown improvement each year as the number of employed persons has increased by more than 4,500 over that five-year period. The unemployment rate has fallen from 9.6% in June 2013 to 6.9% in 2014. More than 800 jobs were available in the Hickory area through the NC Department of Commerce at year-end consisting of construction, manufacturing, information technology and engineering. This steady progress has allowed the four-county Metropolitan Statistical Area (MSA) to improve two spots in its unemployment ranking state-wide at the end of fiscal year 2014.

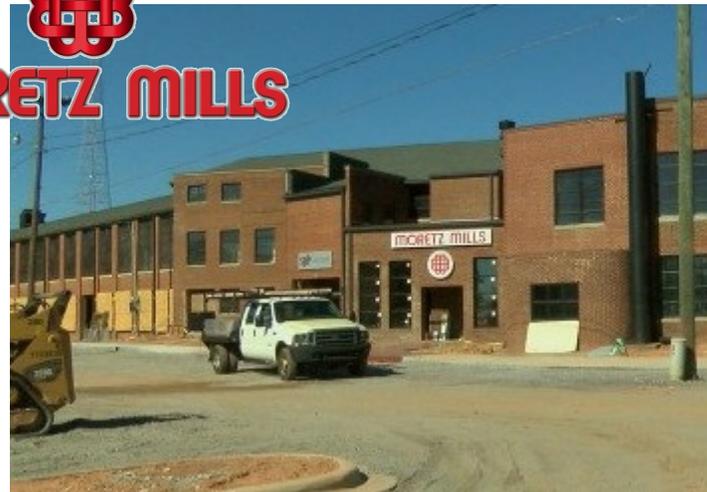
For Catawba County specifically, the decline in the unemployment rate has remained steady over the past two fiscal years ending in June from 11.3% in 2012 to 9.9% in 2013 to 7.1% in 2014. The current rate is within one percent of the state and national unemployment rates at 6.5% and 6.1%, respectively, for the first time in five years. Catawba County is underpinned by a large industrial workforce and base, heavily concentrated in manufacturing, approximately two and a half times the national average of 10 percent. While this reliance on manufacturing is still significant, the County has taken deliberate steps to diversify its workforce from a 56% share in 1990 to 26% today. The county and region are renowned as a furniture-manufacturing and distribution center, with approximately 500,000 annual visitors to a large furniture mall and twenty miles of furniture stores between Hickory and Lenoir, two of the largest cities in the region. Furthermore, the County has been a leader in the manufacture and development of fiber optics and telecommunications equipment for more than a decade, producing approximately 40% of the world's supply of fiber optic cable at its peak and still providing significant employment opportunities for county residents. **Catawba County's mainstay industries have stabilized from the national recession and embarked on a trend of "re-shoring" furniture manufacturing jobs back into Catawba County, a steady growth in fiber-optic and telecommunications investment and employment, and continued reinvestment by newer industry sectors.**

In addition to a large manufacturing and industrial base, the County is supported by a strong service-sector, accounting for half of the economic engine in the county. Catawba County remains a retail magnet for the region, capturing 60% of the \$3.0 billion in retail sales from the four-county MSA, compared to only 42.5% of the population. Retail sales in the County increased by 5.5% in 2014 compared to a 1.0% increase the year before. This is the fourth year in a row that revenues have increased, reversing a decline the prior two years during the economic recession. Catawba County's population ranks 17th largest in North Carolina, but its taxable sales rank 13th highest out of 100 counties. One reason for this is a sizeable furniture presence still remaining in the County, with more than 100 retail furniture showrooms and outlets as well as an internationally known furniture mall totaling one million square feet of exhibit space.

During the past few years, Catawba County has made up for negative job growth that occurred during the recession by being proactive in charting its economic future through targeted expansion. Over that time period, the pace of layoffs has subsided across all sectors in the county and job gains have been made as some significant expansion projects have occurred in industries across the spectrum from traditional to the high-tech sector: In addition, the County continues to actively recruit and attract national and international companies with a focus on higher-wage industries of Information-based, Emerging & Alternative Energy facilities and producers, and Advanced Manufacturing, touting the County's skilled workforce and a high concentration of manufacturing support systems. Some of the successful projects this past year include:

transform a downtown hosiery mill into its new headquarters with 50 new jobs.

- Moretz Mills is investing more than \$8 million to renovate its 84-year old hosiery mill that will turn an 83,000 square foot factory building into a mixed-use



complex that will house a restaurant, gym, spa, therapy business and possibly apartments. This is the second vacant hosiery building to be renovated in the same block, which is in close proximity to downtown Hickory, the SALT (Science, Arts & Literature Together) Block and Lenoir Rhyne University. The former project opened last year and combines a restaurant, yogurt shop, event space and a future brewery into the remodeled space

- PCA Development is constructing a new six-story Hilton Garden Inn in Hickory with estimated costs of more than \$6 million
- R&D Plastics, a plastics manufacturer for furniture, packaging and fiber optic industries, added a new production line and warehouse to their existing facility creating an additional 16 jobs and invested \$1.2 million
- CR Laine Furniture, a fixture in the community since 1958, has expanded its



- HSM Solutions, formerly Hickory Springs Manufacturing is expanding its manufacturing facility with a \$3.3 million investment and creating 162 new jobs

- Transportation Insight, a Hickory logistics company, plans to spend \$8 million to



facilities by 42,000 square feet with a \$2.7 million investment and adding 50 new employees

- Cornerstone United, an international warranty company, is relocating and expanding its operations into the old Piedmont Wagon Co. building in Hickory with 35 new jobs



- GKN Driveline, a manufacturer of automotive driveline components completed an expansion of \$122 million and the addition of 228 new jobs
- Convergys, a leader in customer management for over thirty years, opened in Hickory in 2008 and committed to 446 new jobs. The company continues to expand as their current workforce is 750 employees in the county
- United Franchise Group, headquartered in West Palm Beach, Florida opened an internal sales office and distribution center in Newton investing \$750,000 and creating 47 jobs
- Interstate Foam and Supply announced plans to build a 78,000 square foot facility in Conover investing \$4.7 million and creating 50 new jobs
- Vanguard Furniture added \$500,000 in new equipment and added 15 new employees

**In 2013-14, the Catawba County Economic Development Corporation (EDC) has helped add more than 270 million in new investment and 840 jobs. In 2012, Site Selection Magazine ranked the region tied for 9<sup>th</sup> place in the nation for economic development announcements for**

**metropolitan areas with populations of 200,000 to 1 million. This was based on 23 projects in the four-county region with at least 20,000 square feet of new floor space, \$1 million in investment and at least 50 employees.**

Drawing national attention, the Manufacturing Solutions Center relocated and expanded from 8,000 to 20,000 square feet in the Conover Station, an \$8 million downtown development project on a 27-acre site formerly owned by Broyhill Furniture. The center has assisted businesses in 46 states and 6 continents, including companies such as Nike, Hanes Brands, Land's End and Target. This has helped bolster the manufacturing effort in the county by providing numerous services for new and existing manufacturing companies, including product testing, research and development support and assistance, marketing support, website design and assistance with export sales. It also develops partnerships with trade groups, colleges and universities. In the past ten years, the Center is credited with creating or saving over 1,000 manufacturing jobs and providing a \$250 million economic impact worldwide and has become a model for the State. The expansion project received \$2.7 million in Federal and State grant funds and opened last year.



Another strategy that has been employed by the County included the formation of a multi-jurisdictional industrial park funded in partnership by various local governments in the county. This concept began in 2005 and became a reality with



Katie Fehrenbacher/Gigaom



Katie Fehrenbacher/Gigaom

the announcement of the **County's largest economic development project in its history: Apple Inc. constructed its only east coast operations facility with an investment of \$1 billion in Maiden. The first phase began with a 500,000 square foot data center to house its iCloud suite of services and has created more than 150 new jobs**, with plans to add a total of 250 contract workers to operate the facility when the entire \$1 billion project is completed. The 183-acre site was marketed as a multi-jurisdictional park to attract a data center similar to the Google, Inc. complex in an adjacent county, with large amounts of power and water available, and included more than 750 construction jobs during the construction phase. The location of these two large projects has assisted economic development efforts in marketing the region as the "NC Data Center Corridor" a location with favorable labor conditions, abundance of fiber optics infrastructure, easy access to major airports and a high quality of life. In 2011, Apple, Inc. added a 170-acre site adjacent to the current facility for a 20-megawatt solar panel farm, the largest end-user farm in the country, which was not in the original plans for the data center. In addition, a new 21,000 square foot "tactical" data center was added adjacent to the main data center as well as a 10-megawatt fuel cell installation the following year. The fuel cell installation is powered with 100% biogas and has a taxable value of more than \$6 million. Apple also completed a \$3 million purchase of 200 acres in

Conover for a second solar farm that was expected to generate an additional 20-megawatts of power built by SunPower Corporation Systems. This facility was expected to cost \$10 million and combined with the Maiden facility, it will produce enough energy to power the equivalent of 10,874 homes. With the various projects completed and recently announced, it is expected that Apple will continue to be a cornerstone of the county's economic future and trigger other economic development projects in the area.

A second multi-jurisdictional park, NC Data Campus, is currently under construction in cooperation with the County and the municipalities of Hickory, Conover, Maiden and Catawba. The partnership has secured a \$2.6 million Community Development Block Grant from the NC Department of Commerce and is currently developing a 70-acre site in Conover. The funds are being used to install infrastructure including electric power supply, water and sewer, natural gas and telecommunications. Catawba County's share of the project stands at 57 percent, and will share in the expenses and the revenues of a future project in the park. The site is being marketed for another data center, similar to the Apple site.

Another economic development initiative currently in process is the result of the Southern Growth Policies Board, who was engaged by a group of Catawba County leaders and organizations to examine the community's current economic competitiveness and to help develop a set of recommendations to move the community to where it wants to be in the future. **Innovate Catawba** is the culmination of their work where six workgroups have been created to spur future economic growth in the County:



- Inspiring Communities
- Reinventing Spaces
- Building Quality Shell Buildings and Parks
- Incubating Small Business and Encouraging Entrepreneurship
- Workforce Connectivity and Development
- Leading and Communicating

The Catawba County Board of Commissioners allocated funding for this initiative in the 2014-15 budget to help retain young people in the county and ensure the community has jobs for them. One specific investment included partnering with the City of Claremont and the EDC Committee of 100 in the construction of a shell manufacturing building earlier this year.

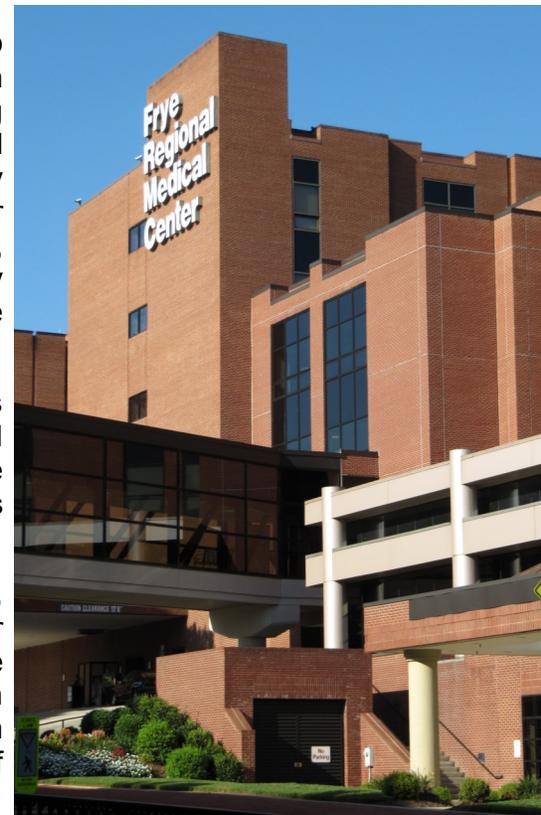


The County also has a large medical presence, with a prospering medical and health care community and two large medical centers, one county-owned and both profitable. Catawba Valley Medical Center, the region's largest public healthcare system completed its second phase of expansion in 2013, which included the construction of a five-story addition totaling \$34 million for a Women's and Oncology Pavilion, providing centralized space for cancer treatment as well as for labor and delivery. The medical center has received multiple awards over the last few years:

- 1<sup>st</sup> NC Hospital to receive four Magnet designations from the American Nurses Credentialing Center
- Women's Choice Award Best 100 Hospitals for Patient Experience in 2012, 2013 & 2014
- One of America's Best Hospitals for Patient Experience in Obstetrics and Orthopedics in 2013 & 2014 by WomenCertified
- One of America's Best Hospitals in Cancer Care in 2014
- 2013 & 2014 QUEST Award for High-Value Healthcare from Premier, recognizing a reduction in harm, mortality, readmissions and costs, while improving the patient experience and delivering evidence-based care.

Frye Regional Medical Center, which celebrated its 100-year anniversary in 2011, has also received numerous awards for its services to the community:

- Heart Failure Gold-Plus Quality Achievement Award from the American Heart Association in 2014
- Received top grade in Leapfrog Group's Fall 2014 Safety Score for continued safe, high-quality healthcare services
- Women's Choice Award for Excellence in Orthopedics in 2013.
- In 2012, ranked number one in the state of North Carolina and in the top 5% of



U.S. hospitals for cardiac surgery and patient safety by HealthGrades, the leading independent healthcare ratings organization in the nation.

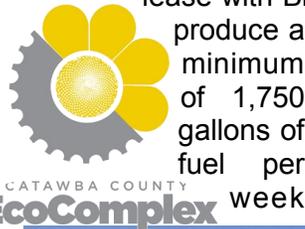
The Heart Center at Frye is home to the most extensive array of cardiology services in the region and the only one that has full service cardiology and on-site heart surgery, 24 hours a day, seven days a week. With approximately 1,500 employees county-wide, the medical center is a strong corporate partner of the County as well as the seventh largest property taxpayer for 2014.

Another segment of the county's economy is tourism, ranking 16<sup>th</sup> in travel impact among NC's 100 counties with more than 2,000 travel and tourism jobs. The county is home to many cultural organizations such as the Science Center, Hickory Museum of Art, Western Piedmont Symphony, Hickory Choral Society, Millholland Planetarium and Patrick Beaver Library that together drew more than 500,000 visitors to the county in 2013. Other attractions include the Hickory Crawdads, a class-A minor league baseball team, and Hickory Motor Speedway, the birthplace of many NASCAR stars as well as cultural sites such as Murray's Mill, Bunker Hill Covered Bridge, Harper House, Hickory History Center and the Museum of History that received approximately 225,000 visitors over the past year.

A community event based in Catawba County with positive economic impact is the Greater Hickory Kia Classic, a PGA Tour's Champions Tour golf event held at the Rock Barn Golf and Spa in Conover that receives support from the business community and local governments, including the County. Business North Carolina magazine ranked Rock Barn 18<sup>th</sup> in its annual top 100 Golf Courses in the State of North Carolina in 2011. The 2014 event was the twelfth consecutive year the tournament was held and broadcast on the Golf Channel that was available in 120 million homes worldwide and provides an estimated economic benefit of \$15 million to the County.

The county has been a leader in environmental

initiatives, one of the first local governments in the nation to capture landfill gas and convert to electricity through a co-generation process, producing enough electricity to power 1,400 homes annually. The County's EcoComplex is a Regional Biosolids Processing Facility that is designed to improve the ecology of Catawba County and promote economic development by attracting jobs in the green energy, agricultural and environmental sectors. The EcoComplex has won multiple awards the last few years, most recently receiving the 2013 Energy Leadership Award in the Charlotte Business Journal for "playing a key role in making the Carolinas a global player in the energy industry". Within the EcoComplex, a partnership was formed in 2011 between the County and Appalachian State University (ASU) that led to the completion of a Biodiesel Research, Development and Production Facility. The facility has a biodiesel production capacity of 100,000 gallons per year, which can be used in county equipment. Earlier this year, the county entered into a long-term lease with Blue Ridge Biofuels, who will



produce a minimum of 1,750 gallons of fuel per week



and partner with ASU to conduct research at the facility to test which feed stocks grow best in the local climate and produce the best oil for biodiesel.

In 2013, Catawba County ranked first in the state out of 100 counties in the amount of recycling



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. Two large construction projects have been completed this past year to plan for that population growth:

waste per capita, more than 638 pounds per citizen, totaling approximately 50,000 tons. The county began offering curbside recycling to its citizens in 1990, the first county to do so.



### LONG-TERM FINANCIAL PLANNING

In 2007, the County adopted an eight-year Capital Improvement Plan (CIP) to anticipate and plan for future capital expenditures, which is updated on an annual basis. As of July 1, 2014, \$137 million in capital needs have been identified over the next eight years, which includes approximately \$57 million in school and community college construction needs.

To pay for the school and community college projects, the Catawba County Board of Commissioners continued their practice of a four-year funding cycle in fiscal year 2011-12 by dedicating one cent of the property tax rate, equal to approximately \$1.6 million, along with \$1.6 million in annual lottery funds in addition to pledging the amount of school/community college debt retired each year towards new construction. This provides funding for \$57.1 million in new construction needs over the next four years for all three school systems and CVCC. The County has completed the first three years of the funding plan in the 2013-14 fiscal year towards two new elementary schools, renovations to an existing elementary, middle and high school, as well as campus improvements at the community college.

- A new 10,000 square foot branch library replaced a 39-year old library in the Sherrills Ford community that more than doubles the space for library services, which is one of seven branches available to citizens across the County
- A new animal shelter was constructed with capacity for 233 animals compared to 78 animals in the former facility; the county contracted with the Humane Society of Catawba County to assist with adoption of animals in the facility as a public/private partnership

Both of these projects ended up costing less than budgeted amounts due to proactive planning/programming and sound construction management practices.

In 2007, the county adopted a new ¼ cent sales tax, approved overwhelmingly by local referendum, which is currently providing approximately \$4.2 million a year in revenues to keep up with growth in the County without relying solely on the property tax. The sales tax is a preferred option for the county as one cent yields \$13 million as one cent on the property tax yields \$1.6 million. Some of the additional sales

tax funds are being used to expand the County's Justice Center to include the addition of new courtrooms (a county responsibility) and a new 911 Communication Center and Emergency Operations Center (EOC). Construction is underway on the \$40 million project with completion anticipated in late 2016.

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 also continued a policy of setting aside funds, one cent on the property tax rate or \$1.60 million in fiscal year 2013-14, to be used for strategic water and sewer projects throughout the county. Those funds, along with an additional \$1.4 million in sales tax revenues will help fund approximately \$38 million in water and sewer needs identified over the next eight years.

Another long-term initiative by the County is to improve the educational attainment of its citizens. Catawba County continues to commit almost fifty cents of every local dollar towards education, which has funded several efforts over the years such as increasing local teacher supplements, helping to attract and retain the best and brightest teachers in the County and funding much needed technology updates for all three school systems to help foster a better learning environment for our children.

Indications that these efforts are having a positive impact have been encouraging over the past year. In April, U.S. News and World Report ranked Newton-Conover Schools the 13<sup>th</sup> best high school in the State for its test scores. The report detailed the high school proficiency of 81% in English, 72% in Algebra and a 27.9 college readiness index. This was in addition to claiming the fifth lowest dropout rate in North Carolina. Hickory Public Schools ended the 2013-14 school year with an 83.9 percent cohort graduation rate for students

who graduated in four years, its highest in the history of the school system; this compares with a 70.4 percent rate in 2006. Newton-Conover Schools achieved a 92.5 percent rate and Catawba County Schools ended the school year with a 90.8 percent rate. All three districts ended the year above the State of North Carolina average of 83.8%.

Finally, the County continues to support higher education initiatives in the region. In the 2014-15 budget, more than \$3.8 million was allocated to Catawba Valley Community College to meet the higher education and job training needs of the community and 4,800 students. This was in addition to \$2.6 million in capital improvements and ranked 16<sup>th</sup> highest in funding out of 58 community colleges in the state. Furthermore, the County, along with the City of Hickory and our two local hospitals, have partnered with Lenoir-Rhyne University to create a new health science center that will offer advanced training for medical and health care professionals beginning in 2016. The center will open with 40 students over a 24-month physician assistant program with plans to double the enrollment the following year.

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 and improve its educational prowess.



# AWARDS AND ACKNOWLEDGEMENTS

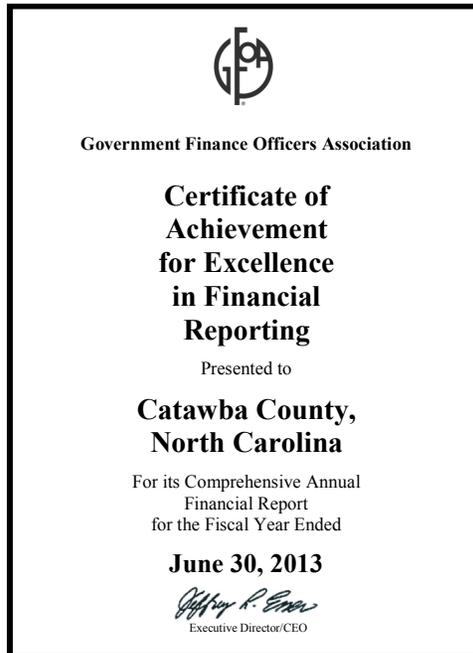
## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to Catawba County for its comprehensive annual financial report for the fiscal year ended June 30, 2013. 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 a Certificate of Achievement for the last 32 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 has prepared and will be submitting a Popular Annual Financial Report (PAFR) to GFOA for 2013-14. This is the seventh time the County has prepared a PAFR which is designed to provide citizens and other users with easily understood information about a government's finances and economic condition in a more condensed fashion. PAFRs are supplements to, not replacements for CAFRs and are reviewed by a Popular Reporting Task Force and GFOA. The county has received an award for this report for six years in a row and hopes to continue with the 2013-14 entry.

Finally, the County has also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2013. This is the twenty-fifth 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

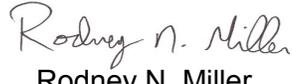
Each County department's strong commitment to the goals, vision and mission statements of the County government is reflected in the services provided to the residents of Catawba County. We appreciate the cooperation of all the County departments in carrying out the financial activities encompassed in 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 Jeanne Jarrett and Kenneth Maynor, along with Martin, Starnes & Associates, CPAs for their assistance with the report.

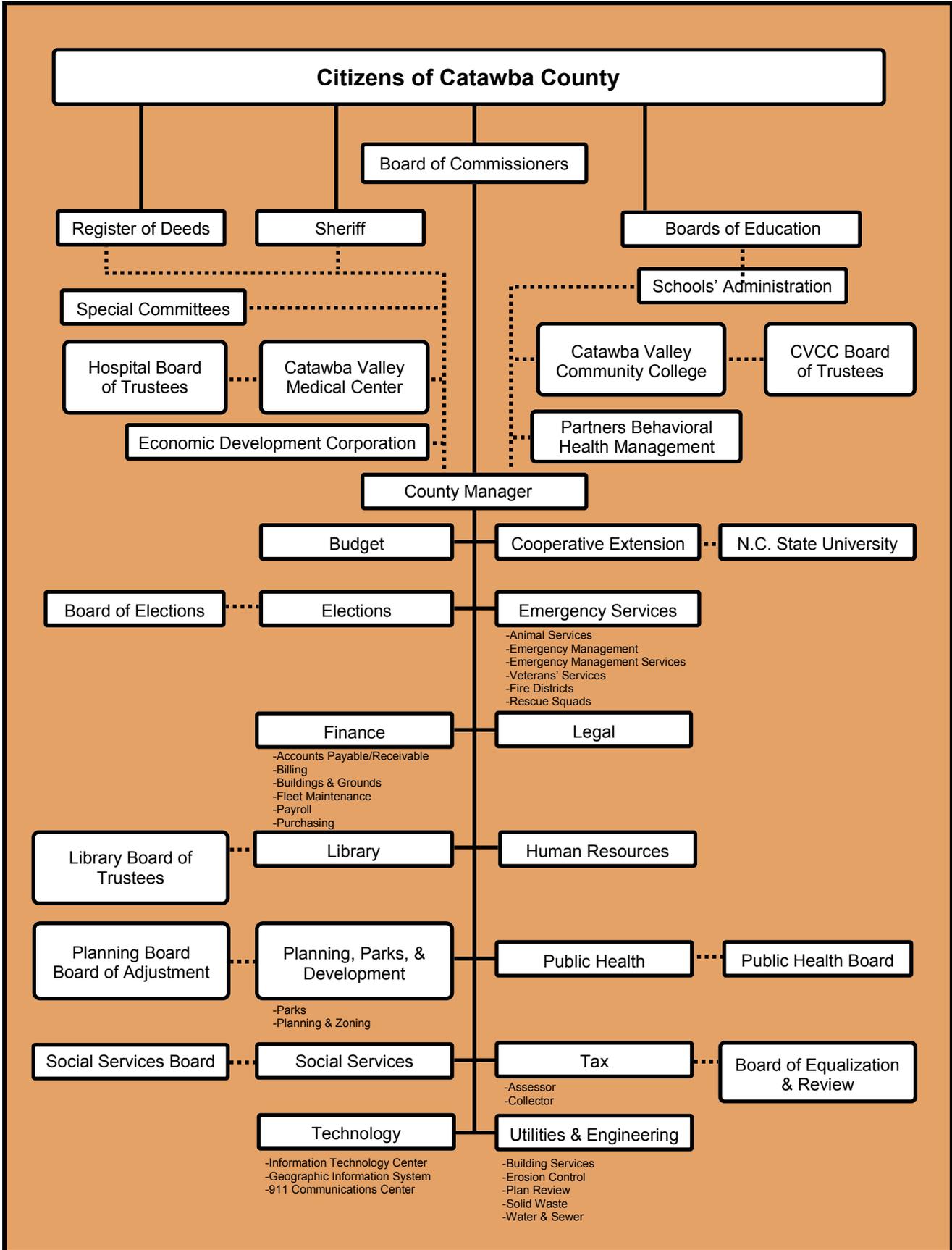
In closing, we thank the Catawba County Board of Commissioners for its leadership and support in making Catawba County a fiscally sound, well-governed community.

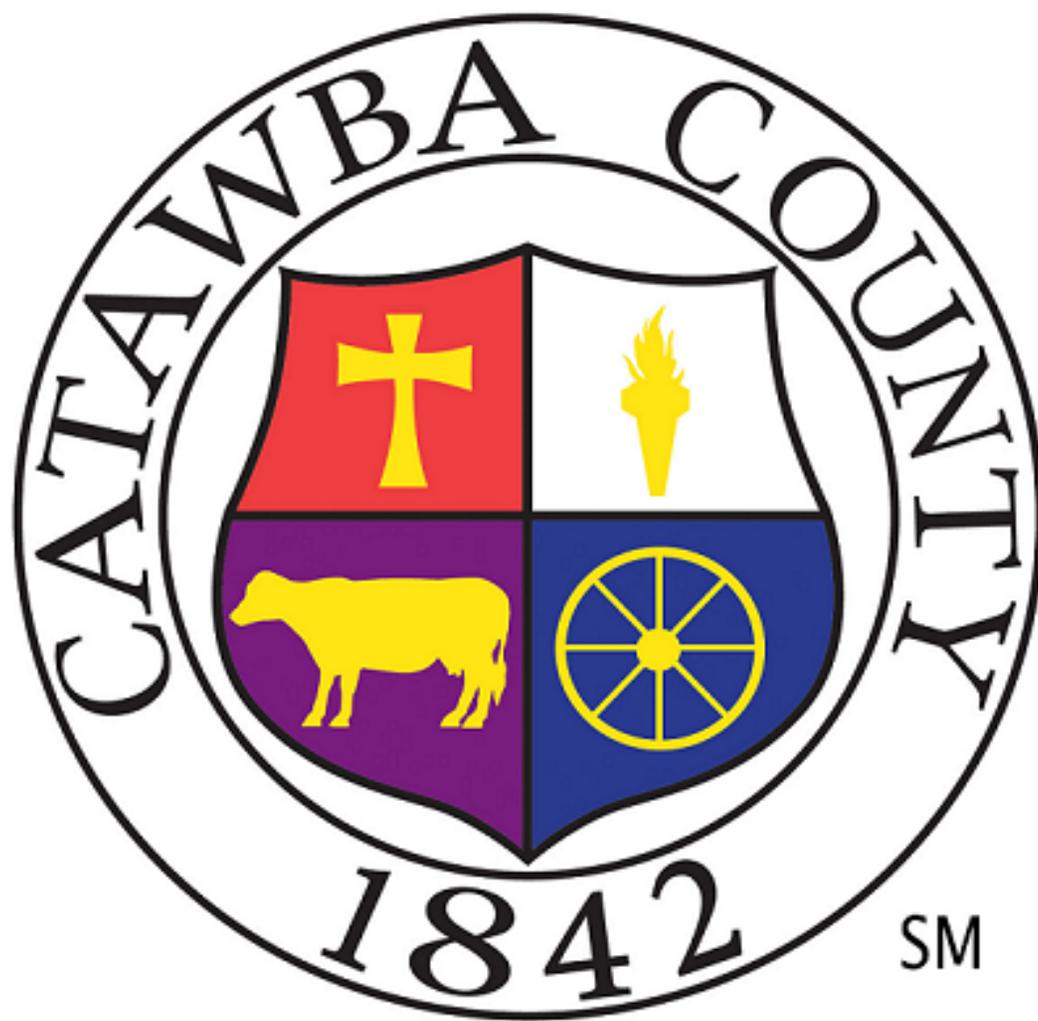
Respectfully submitted,

  
J. Thomas Lundy  
County Manager

  
Rodney N. Miller  
Finance Director

# ORGANIZATIONAL STRUCTURE





# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Catawba County  
Newton, North Carolina

### **Report On the Financial Statements**

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, 2014, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catawba Valley Medical Center. Those statements were audited by another auditor whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the Catawba Valley Medical Center, is based solely on the report of another auditor. 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 from 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of the 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catawba County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section 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, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of Catawba County'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* in considering Catawba County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 17, 2014



# 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, 2014. 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

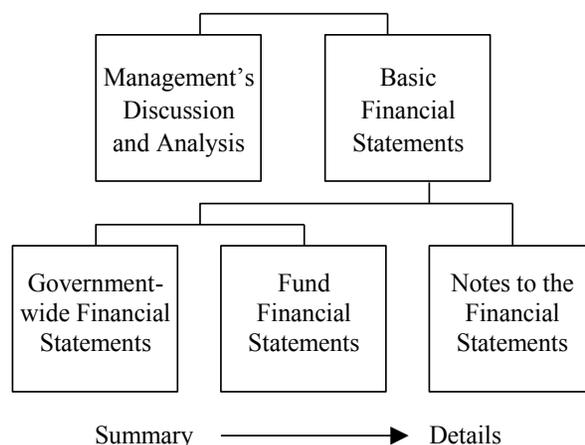
- ▶ The assets and deferred outflows of resources of Catawba County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$159,371,085 (*net position*). Of this figure, approximately \$123 million represents the County's investment in capital assets, which is not available for future spending.
- ▶ The government's total net position increased by \$3,296,355, resulting from a decrease of \$(471,636) in governmental activities and an increase of \$3,767,991 in business-type activities. This net increase is primarily due to management's focus on monitoring spending and maximizing revenue collection.
- ▶ As of the close of the current fiscal year, Catawba County's governmental funds reported combined ending fund balances of \$124,837,227, an increase of \$662,327 in comparison with the prior year. Approximately 67 percent of this total amount, or \$83,055,556, is restricted and non-spendable. [See Exhibits 3 and 4]
- ▶ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,734,380, or 13 percent of total general fund expenditures for the fiscal year.
- ▶ Catawba County's total long-term debt increased by \$5,978,873 during the current fiscal year. Outstanding debt principal is \$166,012,319 and equates to \$1,068 per capita at the end of the fiscal year.
- ▶ For the tenth consecutive year, Catawba County maintained its AA bond rating with

Standard & Poor's and maintained its Aa1 bond rating with Moody's Investors Service for the fifth 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**



## BASIC FINANCIAL STATEMENTS

The first two statements (Exhibits 1 and 2) 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 next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial statements: (1) governmental funds statements,

(2) budgetary comparison statements, (3) proprietary fund statements, and (4) fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Deferred outflows of resources are a consumption of net position that are applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position that are applicable to a future reporting period. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: (1) governmental activities, (2) business-type activities, and (3) component units. The governmental activities include most of the County's basic services such as human services, education, public safety, parks and recreation, and administration. Property taxes and state and federal grant funds finance most of

these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Catawba County. The final category is the component units. Catawba Valley Medical Center is a public hospital that was organized in 1962 by resolution of the Board of County Commissioners. The County appoints the board of trustees for the Medical Center and has issued debt on its behalf. Although legally separate from the County, the Alcohol Beverage Control (ABC) board is important to the County because the County is financially responsible for the Board by appointing its members, and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibit 1 and 2 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. All of the funds of Catawba County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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*. *This method also has a current financial resources 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 governmental activities (reported in the Statement of Net Position 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 North Carolina 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 of Commissioners 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, changes 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 20-24 of the report.

- ▶ **Proprietary Funds** - Catawba County maintains one type of proprietary fund which includes two enterprise funds.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial

statements. The County uses enterprise funds to account for both its solid-waste and water and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

The proprietary funds financial statements can be found on pages 25-29 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 five fiduciary funds, all of which are agency funds.

The fiduciary funds financial statements can be found on page 30 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 31 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 69 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets** - As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. Catawba County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$159,371,085 as of June 30, 2014. The County's net position increased by \$1,526,140 for the fiscal year ended June 30, 2014. Of this amount, \$3,296,355 is an increase in net position after transfers. The difference, or

**Government-Wide Financial Analysis**  
Catawba County's Net Position

	Governmental Activities		Business-type Activities		Total		Total	
	2014	2013	2014	2013	2014	2013	Dollar Change	Percent Change
Current and other assets	\$145,963,231	\$148,077,455	\$ 57,609,457	\$ 58,830,785	\$203,572,688	\$206,908,240	\$ (3,335,552)	-1.61%
Capital assets	93,360,352	84,659,283	62,696,214	58,558,562	156,056,566	143,217,845	12,838,721	8.96%
Total assets	239,323,583	232,736,738	120,305,671	117,389,347	359,629,254	350,126,085	9,503,169	2.71%
Total deferred outflow s of resources	3,228,486	3,562,549	52,685	56,612	3,281,171	3,619,161	(337,990)	-9.34%
Long-term liabilities	163,494,768	155,512,637	24,504,641	25,287,123	187,999,409	180,799,760	7,199,649	3.98%
Other liabilities	14,001,835	13,130,358	919,686	992,798	14,921,521	14,123,156	798,365	5.65%
Total liabilities	177,496,603	168,642,995	25,424,327	26,279,921	202,920,930	194,922,916	7,998,014	4.10%
Total deferred inflow s of resources	618,410	977,385	-	-	618,410	977,385	(358,975)	-36.73%
Net position:								
Net investment in capital assets	73,669,285	72,733,148	49,571,504	51,632,394	123,240,789	124,365,542	(1,124,753)	-0.90%
Restricted	61,304,988	50,910,338	-	-	61,304,988	50,910,338	10,394,650	20.42%
Unrestricted	(70,537,217)	(56,964,579)	45,362,525	39,533,644	(25,174,692)	(17,430,935)	(7,743,757)	44.43%
Total net position	\$ 64,437,056	\$ 66,678,907	\$ 94,934,029	\$ 91,166,038	\$159,371,085	\$157,844,945	\$ 1,526,140	0.97%

(\$1,770,215) is a restatement of the net position at the beginning of the year. Additional information can be found in the notes to the financial statements.

The largest portion of net position, 77%, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt outstanding that was issued to acquire those items. Capital assets increased by \$12,838,721 during the current year. 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.

The restricted portion of Catawba County's net position, 39%, represents resources that are subject to external restrictions on how they may be used.

The final component of net position is unrestricted, which is (16%) of the total net position.

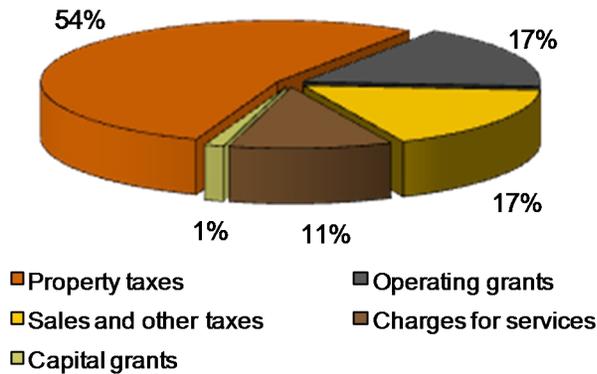
In order to provide a complete picture of the changes in net position of the County, information is provided separately for the net positions of governmental and business-type activities.

**Governmental Activities** - Governmental activities decreased the County's net position by (\$2,241,851). Key elements of this change are as follows:

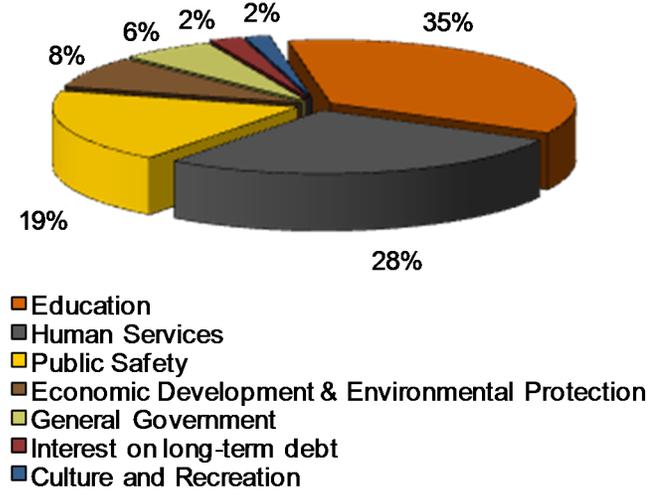
- ▶ The County is committed to providing needed water and sewer infrastructure. It increased the allocation of the property tax rate from 1/2 cent to 1 cent in the current year. This is reflected in the transfer of (\$1.6 million) to the water and sewer fund.
- ▶ A prior period adjustment of (\$1,770,215) to correct an accrual in the School Construction Fund caused a restatement of net position.

The following graphs represent the major sources of revenues and the major functions of expenditures for governmental activities.

### Revenues by Source - Governmental Activities

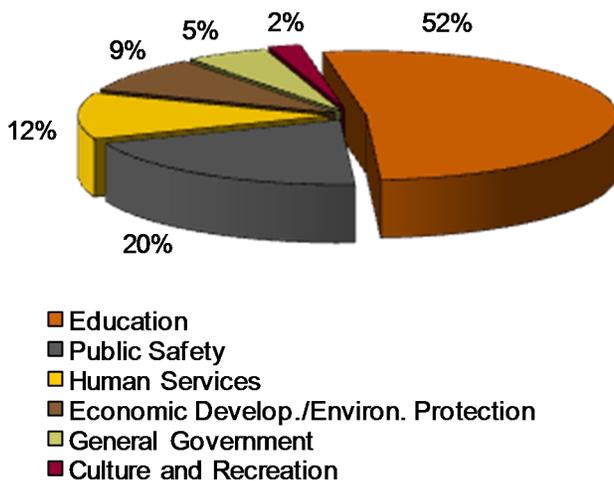


### Expenditures by Function - Governmental Activities



The following graph shows the expenditures percentage as funded by local dollars.

### Expenditures by Function - Funded by Local Dollars



- ▶ Transfer of 1 cent property tax for water and sewer capital projects in the amount \$1.6 million.
- ▶ Investment earnings of \$621,805 from a rise in interest rates.

### 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, fund balance available for appropriation 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 General Capital Fund, and the School Construction Fund, all of which are considered

**Business-type Activities** - Business-type activities increased Catawba County's net position by \$3,767,991. Key elements of this change are as follows:

- ▶ Article 46 Sales tax revenues totaling \$1.4 million for various water and sewer projects in the County.

### Catawba County Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 19,345,405	\$ 21,191,015	\$ 5,671,631	\$ 5,880,833	\$ 25,017,036	\$ 27,071,848
Operating grants and contributions	29,136,207	28,576,342	868,759	650,178	30,004,966	29,226,520
Capital grants and contributions	2,292,224	1,859,891	126,942	731,970	2,419,166	2,591,861
General revenues:						
Property taxes	93,649,723	89,347,893	-	-	93,649,723	89,347,893
Sales and other taxes	29,522,013	28,193,637	1,657,101	1,587,713	31,179,114	29,781,350
Investment earnings, unrestricted	1,155,474	(183,818)	621,805	(94,709)	1,777,279	(278,527)
Gain (loss) on capital assets	-	9,169	-	-	-	9,169
<b>Total revenues</b>	<b>175,101,046</b>	<b>168,994,129</b>	<b>8,946,238</b>	<b>8,755,985</b>	<b>184,047,284</b>	<b>177,750,114</b>
<b>Expenses</b>						
General government	10,807,772	9,760,225	-	-	10,807,772	9,760,225
Public safety	32,732,323	31,236,944	-	-	32,732,323	31,236,944
Environmental protection	492,269	508,073	-	-	492,269	508,073
Economic and physical development	13,538,407	12,780,487	-	-	13,538,407	12,780,487
Human services	47,935,422	48,863,130	-	-	47,935,422	48,863,130
Cultural and recreation	2,847,558	2,776,547	-	-	2,847,558	2,776,547
Education	61,843,087	57,519,210	-	-	61,843,087	57,519,210
Interest on long-term debt	3,774,279	3,602,099	-	-	3,774,279	3,602,099
Solid waste management	-	-	5,166,963	5,927,016	5,166,963	5,927,016
Water and sewer	-	-	1,612,849	2,102,576	1,612,849	2,102,576
<b>Total expenses</b>	<b>173,971,117</b>	<b>167,046,715</b>	<b>6,779,812</b>	<b>8,029,592</b>	<b>180,750,929</b>	<b>175,076,307</b>
<b>Increase (decrease) in net position before transfers</b>	<b>1,129,929</b>	<b>1,947,414</b>	<b>2,166,426</b>	<b>726,393</b>	<b>3,296,355</b>	<b>2,673,807</b>
Transfers	(1,601,565)	(775,000)	1,601,565	775,000	-	-
<b>Increase (decrease) in net position after transfers</b>	<b>(471,636)</b>	<b>1,172,414</b>	<b>3,767,991</b>	<b>1,501,393</b>	<b>3,296,355</b>	<b>2,673,807</b>
<b>Net position - beginning of year, previously reported</b>	<b>66,678,907</b>	<b>65,709,270</b>	<b>91,166,038</b>	<b>89,664,645</b>	<b>157,844,945</b>	<b>155,373,915</b>
Restatement	(1,770,215)	(202,777)	-	-	(1,770,215)	(202,777)
<b>Net position- beginning, restated</b>	<b>64,908,692</b>	<b>65,506,493</b>	<b>91,166,038</b>	<b>89,664,645</b>	<b>156,074,730</b>	<b>155,171,138</b>
<b>Net position - end of year</b>	<b>\$ 64,437,056</b>	<b>\$ 66,678,907</b>	<b>\$ 94,934,029</b>	<b>\$ 91,166,038</b>	<b>\$ 159,371,085</b>	<b>\$ 157,844,945</b>

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, 2014, the governmental funds of the County reported a combined fund balance of \$124,837,227, a .8 percent decrease from the previous year. The primary reason for this decrease was the restatement of beginning fund balance of (\$1.8 million) for a change in a fund

accrual. Additional information may be found in the notes to the financial statements.

**General Fund** - The General Fund is the chief operating fund of Catawba County. At the end of the current fiscal year, available fund balance of the General Fund was \$35,421,913 while total fund balance reached \$50,563,312. The governing body of Catawba County has determined that the county should maintain an available fund balance of at least 16% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash

flow needs of the County. The County currently has available fund balance of 21.61% of total general fund expenditures, while the total fund balance represents 36.7% of that same amount.

The overall fund balance decreased by (\$54,852) due, in part, to the increase in property and sales taxes transferred to the water and sewer fund. Additional information is provided in the discussion on General Fund budgetary highlights on the next page.

**Other Major Funds** - The General Capital Projects Fund is a major governmental fund. This fund accounts for the financing and construction of all general government multi-year capital projects. Its fund balance increased by \$16.3 million to \$49 million. The largest financing sources came from \$2.7 million in sales taxes along with new debt of \$20 million issued for the future Justice Center expansion. Expenditures were \$11.5 million, an increase of \$8.2 million from the prior year as construction continued on a new animal shelter, branch library and parking deck for the Justice Center expansion project.

The School Construction Fund is a major governmental fund. This fund accounts for the financing and multi-year construction projects for public school and community college facilities. Its fund balance decreased by (\$18) million to \$7.4 million. Expenditures were \$17.6 million primarily for the construction of two new elementary schools. In addition, there was a prior period restatement of (\$1.8) million to correct an accrual in this fund.

**Non-Major Funds** - Fund balances for non-major funds increased by .9 million to \$17.5 million overall. The primary increases are from a \$194,357 net increase in investment revenue across all non-major funds and the \$211,869 increase in sales tax revenue in the School Capital Fund.

**Proprietary Funds** - The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The County has two enterprise funds, the Solid Waste Management and the Water and

Sewer Fund. Total net position of the Enterprise Funds at the end of the fiscal year amounted to \$94.9 million with \$45.4 million of this amount being unrestricted. The increase in net position in these funds was \$3.8 million. Other factors concerning the finances of these funds have 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.

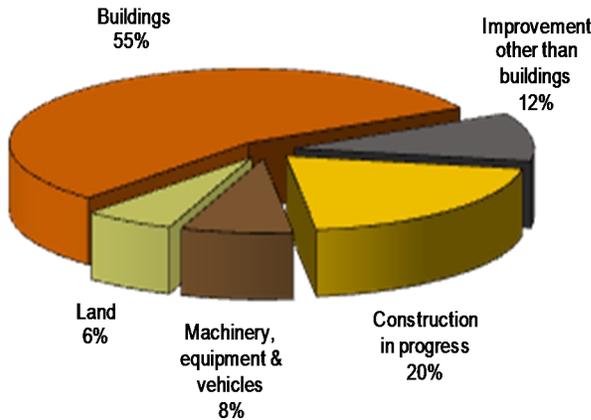
Total amendments to the General Fund increased revenues by \$900,706 or .6%. This increase was due mainly to anticipation of additional federal and state grants available for County services.

Actual revenues were greater than final budgeted amounts by \$2,056,297. This was due mainly to increases in collections of property and sales taxes.

Net amendments to budgeted appropriations were \$207,026 or .1%. The majority of amendments were for public safety and human services, mainly for change in expectations for receipts of federal and state grants. Actual expenditures were less than final budgeted amounts by \$11,038,784. These cost savings resulted mainly from unspent appropriations of a) \$5.3 million in services and supplies in human services departments, b) \$3.3 million in salaries and benefits due to temporary vacancies in various departments, c) reductions in health claims by County employees.

## 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, 2014, totals \$156,056,566 (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 additions and deletions:

- ▶ Addition of new public safety vehicles of approximately \$1,007,300.
- ▶ Retirement of public safety vehicles of approximately \$131,000.
- ▶ Increase in construction in progress in governmental funds of approximately \$11 million primarily for the addition of a new animal shelter, branch library, and justice center parking deck.

- ▶ Increase in construction in progress in the water and sewer enterprise fund of approximately \$4.3 million for the extension of new sewer lines along Highway 150.

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, 2014, Catawba County had total general obligation bonded debt outstanding of \$760,000, all of which is debt backed by the full faith and credit of the County. In addition, the County had other outstanding debt of \$165,252,319. The overall change in long-term debt was a net increase of \$5,978,873. The County issued installment purchase debt during the year of \$20,125,000 for the expansion of the Justice Center and refunded \$3,755,000 of outstanding certificates of participation.

As mentioned in the financial highlights section of this document, Catawba County maintained for the 5th consecutive year, its Aa1 bond rating from Moody's Investors Service and for the 10<sup>th</sup> 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 local government can issue. The County's total debt outstanding is \$166,012,319 compared to the legal debt limit of \$1,336,048,179 or 12% of the legal debt limit.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,696,392	\$ 5,696,392	\$ 7,894,924	\$ 7,886,912	\$ 13,591,316	\$ 13,583,304
Buildings	51,851,730	49,670,152	3,776,232	584,683	55,627,962	50,254,835
Improvements other than buildings	9,866,576	10,149,462	20,810,070	20,484,287	30,676,646	30,633,749
Machinery, equipment and vehicles	7,056,193	7,264,396	1,438,499	1,743,104	8,494,692	9,007,500
Construction in progress	18,889,461	11,878,881	28,776,489	27,859,576	47,665,950	39,738,457
<b>Total</b>	<b>93,360,352</b>	<b>84,659,283</b>	<b>62,696,214</b>	<b>58,558,562</b>	<b>156,056,566</b>	<b>143,217,845</b>

## Catawba County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 760,000	\$ 3,325,000	\$ -	\$ -	\$ 760,000	\$ 3,325,000
Installment Purchases	44,692,130	48,618,040	7,397,122	8,000,000	52,089,252	56,618,040
Certificates of Participation	10,730,000	16,465,000	-	-	10,730,000	16,465,000
Qualified Zone Academy Bonds	400,000	450,000	-	-	400,000	450,000
Qualified School Const. Bonds	21,529,896	23,383,798	-	-	21,529,896	23,383,798
Limited Obligation Bonds	57,702,836	37,770,939	5,212,164	5,504,061	62,915,000	43,275,000
Build America Bonds	6,663,443	7,242,872	-	-	6,663,443	7,242,872
Federal Revolving Loan	-	-	1,200,000	1,275,000	1,200,000	1,275,000
Department of Commerce	2,600,000	2,600,000	-	-	2,600,000	2,600,000
Premium on long-term debt	6,935,140	5,195,017	189,588	203,719	7,124,728	5,398,736
<b>Total</b>	<b>\$ 152,013,445</b>	<b>\$ 145,050,666</b>	<b>\$ 13,998,874</b>	<b>\$ 14,982,780</b>	<b>\$ 166,012,319</b>	<b>\$ 160,033,446</b>

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

### FISCAL YEAR 2013-14 ECONOMIC FACTORS

The following factors reflect the economic activity of the County.

- ▶ Low debt burden and property tax rate. The County's existing debt obligations are only 12% of its statutory limit. The property tax rate of \$0.53/\$100 was below the State average of \$0.63/\$100 and the 26<sup>th</sup> lowest of all 100 counties in North Carolina.
- ▶ The County remains a retail magnet for the region, capturing 60% of the \$3.0 billion in retail sales from the four-county Metropolitan Statistical Area in 2013 despite having only 42.5% of the population.
- ▶ Sales tax revenue increased by 5.5% compared to 1.0% in the prior year.
- ▶ The county's unemployment has seen improvement as the rate declined from 9.9% in June 2013 to 7.10% in June 2014.

### BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2015

**Governmental Activities** - The local economy continues to show modest improvement. In next year's budget, the property tax rate at \$.53/100 is unchanged from the prior year. Projections include a 1.7 percent increase in sales tax revenue and a 2.8 percent increase in local permits and fees. The County is also budgeting an increase of 2.1 percent in operating expenses for a total approved budget of \$201,910,411 for fiscal year 2014-15.

Education continues to represent the largest portion of the local budget, with 47.6 cents of every property and sales tax dollar allocated for the instructional costs and capital needs of the three public school systems and Catawba Valley Community College.

The County places public safety as a high priority, and accordingly, additional expenditures are planned in this area. The second largest portion of local funds—23 cents of every property tax and sales tax dollar—is spent on public safety.

As a commitment to public safety, in fiscal year 2014-2015 the County budgets funds for two new road patrol deputies, replacement of fifteen front-line vehicles, renovations to a former branch library site for conversion to a satellite station for Sheriff deputies, and expansion of the Justice Center. The County

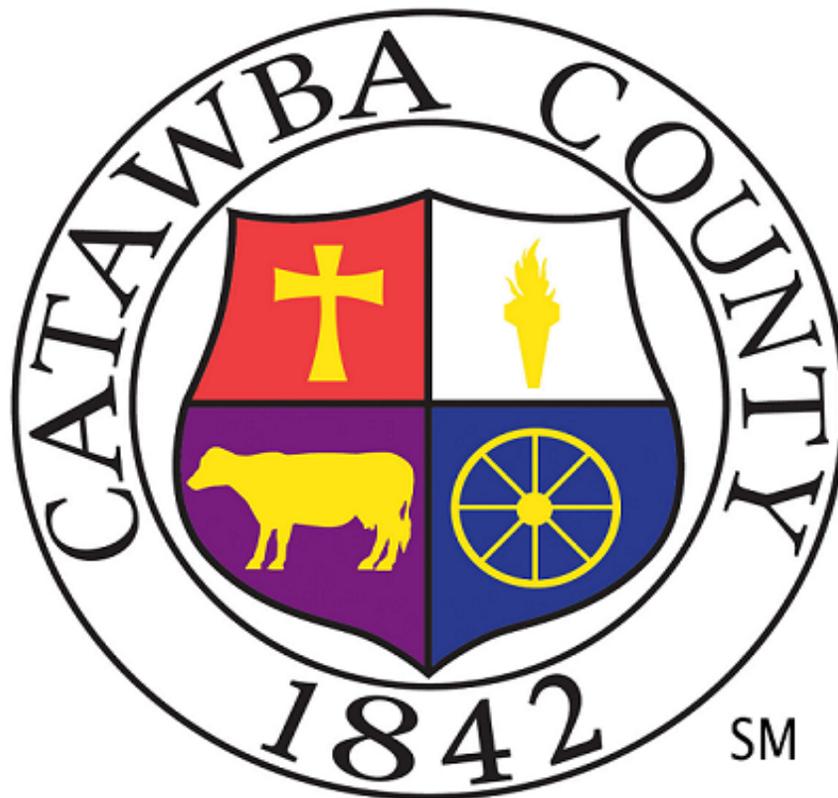
continues to review staffing needs annually, rightsizing in some areas while investing in others. The fiscal year 2014-15 budget eliminates or reduces hours for 16 positions and adds 5 new positions in public safety. The budget includes a 1% cost of living adjustment and other salary adjustments based on performance including a 1 percent increase for employees who exhibit satisfactory performance as reflected in the annual evaluation. A limited amount of funding is included to address pay inequities in order to keep the County competitive with other jurisdictions through an annual reclassification study.

**Business – type Activities** - The \$12,788,908 budget includes \$5,952,979 for solid waste and \$2,283,674 for water and sewer operations. Also included in this amount is \$750,000 for solid waste and \$3,802,255 for water and sewer capital projects. As the County grows, there is a

greater demand for clean drinking water and sewage disposal. To address these needs, the budget commits 1/2 cent (\$.8 million) of the property tax rate and \$1.36 million of the 1/4 cent sales tax to fund strategic water and sewer needs. The County has entered into an agreement with a private company to operate the Biodiesel operations, with a result of adding new jobs and reduced costs to the County and citizens.

#### **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 at [www.catawbacountync.gov](http://www.catawbacountync.gov).



## **Basic Financial Statements**

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2014**

Exhibit 1

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 92,788,222	\$ 31,836,728	\$ 124,624,950
Taxes receivable - net	2,410,399	-	2,410,399
Due from other governments	15,362,830	719,818	16,082,648
Notes receivable	516,230	369,971	886,201
Other receivables	2,680,961	403,724	3,084,685
Interest receivable	238,083	128,988	367,071
Inventories	327,147	-	327,147
Prepaid items	164,242	197,755	361,997
Restricted cash and investments	29,855,376	23,952,473	53,807,849
Other assets	-	-	-
Capital assets:			
Land, improvements, and construction in progress	24,585,854	36,671,413	61,257,267
Other capital assets, net of depreciation	68,774,498	26,024,801	94,799,299
Total capital assets	93,360,352	62,696,214	156,056,566
Net investment in joint venture	1,619,741	-	1,619,741
Total assets	239,323,583	120,305,671	359,629,254
<b>Deferred outflows of resources</b>	3,228,486	52,685	3,281,171
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7,711,595	919,686	8,631,281
Liabilities paid from restricted assets	6,290,240	-	6,290,240
Long-term liabilities:			
Due within one year	15,195,917	1,231,590	16,427,507
Due in more than one year	148,298,851	23,273,051	171,571,902
Total long-term liabilities	163,494,768	24,504,641	187,999,409
Total liabilities	177,496,603	25,424,327	202,920,930
<b>Deferred inflows of resources</b>	618,410	-	618,410
<b>Net Position</b>			
Net investment in capital assets	73,669,285	49,571,504	123,240,789
Restricted			
Stabilization by State statute	43,410,080	-	43,410,080
Register of Deeds	1,410	-	1,410
Public safety	4,202,429	-	4,202,429
Fire Protection	1,145,873	-	1,145,873
Debt service	6,290,240	-	6,290,240
Library Endowment	239,217	-	239,217
Social services scholarships	46,048	-	46,048
Parks preservation	49,596	-	49,596
Community development	17,469	-	17,469
Hospital capital projects	5,449,956	-	5,449,956
General capital reserve	452,670	-	452,670
Other	-	-	-
Unrestricted (deficit)	(70,537,217)	45,362,525	(25,174,692)
Total net position	\$ 64,437,056	\$ 94,934,029	\$ 159,371,085

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

<b>Component Units</b>	
<b>Catawba Valley Medical Center</b>	<b>Catawba County ABC Board</b>
\$ 79,300,408	\$ 1,020,312
-	-
1,056,336	-
-	-
30,342,448	-
35,984	-
5,318,086	1,759,666
4,512,588	-
10,736,951	-
6,318,183	-
10,227,164	-
<u>108,863,952</u>	<u>1,745,470</u>
<u>119,091,116</u>	<u>1,745,470</u>
-	-
<u>256,712,100</u>	<u>4,525,448</u>
<u>399,663</u>	<u>-</u>
33,145,674	1,283,152
-	-
8,191,408	97,635
<u>52,737,872</u>	<u>-</u>
<u>60,929,280</u>	<u>97,635</u>
<u>94,074,954</u>	<u>1,380,787</u>
-	-
63,094,989	1,745,470
-	-
-	-
-	-
-	-
-	-
-	-
-	-
5,474,127	-
56,612	480,626
<u>94,411,081</u>	<u>918,565</u>
<u>\$ 163,036,809</u>	<u>\$ 3,144,661</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 10,807,772	\$ 1,752,070	\$ 946,898	\$ 1,482,720
Public safety	32,732,323	8,068,851	473,188	-
Environmental protection	492,269	5,100	39,279	-
Economic and physical development	13,538,407	2,204,984	536,181	143,071
Human services	47,935,422	6,762,666	26,927,968	-
Culture and recreation	2,847,558	57,436	212,693	-
Education	61,843,087	494,298	-	666,433
Interest on long-term debt	3,774,279	-	-	-
Total governmental activities	<u>173,971,117</u>	<u>19,345,405</u>	<u>29,136,207</u>	<u>2,292,224</u>
Business-type activities				
Solid waste management	5,166,963	5,584,704	102,034	-
Water and sewer	1,612,849	86,927	766,725	126,942
Total business-type activities	<u>6,779,812</u>	<u>5,671,631</u>	<u>868,759</u>	<u>126,942</u>
Total primary government	<u>\$ 180,750,929</u>	<u>\$ 25,017,036</u>	<u>\$ 30,004,966</u>	<u>\$ 2,419,166</u>
<b>Component units</b>				
Catawba Valley Medical Center	\$ 208,345,282	\$ 207,996,410	\$ 1,098,930	\$ 1,029,756
Catawba County ABC Board	<u>12,448,431</u>	<u>12,496,269</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 220,793,713</u>	<u>\$ 220,492,679</u>	<u>\$ 1,098,930</u>	<u>\$ 1,029,756</u>

## General Revenues:

## Taxes

Property taxes, levied for general purposes

Local option sales taxes

Other taxes

Investment earnings, unrestricted

Total general revenues

## Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, previously reported

Restatement

Net position, beginning, restated

Net position, ending

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
\$ (6,626,084)	\$ -	\$ (6,626,084)		
(24,190,284)	-	(24,190,284)		
(447,890)	-	(447,890)		
(10,654,171)	-	(10,654,171)		
(14,244,788)	-	(14,244,788)		
(2,577,429)	-	(2,577,429)		
(60,682,356)	-	(60,682,356)		
(3,774,279)	-	(3,774,279)		
<u>(123,197,281)</u>	<u>-</u>	<u>(123,197,281)</u>		
-	519,775	519,775		
-	(632,255)	(632,255)		
-	(112,480)	(112,480)		
<u>(123,197,281)</u>	<u>(112,480)</u>	<u>(123,309,761)</u>		
			\$ 1,779,814	\$ -
			<u>-</u>	<u>47,838</u>
			\$ 1,779,814	\$ 47,838
			<u>1,355,175</u>	<u>2,829</u>
93,649,723	-	93,649,723	-	-
28,027,368	1,359,558	29,386,926	-	-
1,494,645	297,543	1,792,188	-	-
1,155,474	621,805	1,777,279	1,355,175	2,829
<u>124,327,210</u>	<u>2,278,906</u>	<u>126,606,116</u>	<u>1,355,175</u>	<u>2,829</u>
(1,601,565)	1,601,565	-	-	-
<u>122,725,645</u>	<u>3,880,471</u>	<u>126,606,116</u>	<u>1,355,175</u>	<u>2,829</u>
<u>(471,636)</u>	<u>3,767,991</u>	<u>3,296,355</u>	<u>3,134,989</u>	<u>50,667</u>
66,678,907	91,166,038	157,844,945	159,901,820	3,093,994
(1,770,215)	-	(1,770,215)	-	-
<u>64,908,692</u>	<u>91,166,038</u>	<u>156,074,730</u>	<u>159,901,820</u>	<u>3,093,994</u>
\$ <u>64,437,056</u>	\$ <u>94,934,029</u>	\$ <u>159,371,085</u>	\$ <u>163,036,809</u>	\$ <u>3,144,661</u>

**CATAWBA COUNTY, NORTH CAROLINA****Balance Sheet  
Governmental Funds  
June 30, 2014**

	<b>Major Funds</b>			<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>School Construction Fund</b>	<b>Other Governmental Funds</b>	
<b>Assets</b>					
Cash and investments	\$ 41,756,698	\$ 31,478,426	\$ 3,118,350	\$ 16,434,748	\$ 92,788,222
Taxes receivable - net	2,274,899			135,500	2,410,399
Due from other governments	12,696,936	913,906	447,568	1,304,420	15,362,830
Notes receivable	516,230			-	516,230
Other receivables	2,675,249	5,712		-	2,680,961
Interest receivable	114,274	76,599	9,989	37,221	238,083
Inventories	327,147			-	327,147
Prepaid items	164,242			-	164,242
Restricted cash and investments	2,525,566	17,957,394	9,372,416	-	29,855,376
<b>Total assets</b>	<b>63,051,241</b>	<b>50,432,037</b>	<b>12,948,323</b>	<b>17,911,889</b>	<b>144,343,490</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	5,475,995	1,143,596	852,849	239,155	7,711,595
Liabilities to be paid from restricted assets	1,644,590	-	4,645,650	-	6,290,240
<b>Total liabilities</b>	<b>7,120,585</b>	<b>1,143,596</b>	<b>5,498,499</b>	<b>239,155</b>	<b>14,001,835</b>
<b>Deferred Inflows of Resources</b>	<b>5,367,344</b>	<b>-</b>	<b>-</b>	<b>137,084</b>	<b>5,504,428</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Inventories	327,147	-	-	-	327,147
Prepaid	164,242	-	-	-	164,242
<b>Restricted</b>					
Stabilization by State Statute	14,650,010	26,787,620	457,557	1,514,893	43,410,080
Register of Deeds	1,410	-	-	-	1,410
Public Safety	-	-	-	2,582,688	2,582,688
Fire Protection	-	-	-	1,145,873	1,145,873
Debt service	1,839,350	-	4,645,650	-	6,485,000
Library Endowment	-	-	-	239,217	239,217
Scholarship	-	-	-	46,048	46,048
Parks Preservation	-	-	-	49,596	49,596
Community Development	-	-	-	17,469	17,469
School Capital and Construction	-	-	4,726,766	-	4,726,766
Hospital Capital	-	-	-	5,449,956	5,449,956
General Capital Reserve	452,670	-	-	-	452,670
General Capital	-	17,957,394	-	-	17,957,394
<b>Committed</b>					
Tax Revaluation	192,437	-	-	-	192,437
General Capital	-	4,543,427	-	-	4,543,427
School Capital	-	-	-	6,465,739	6,465,739
Hospital Construction	-	-	-	24,171	24,171
<b>Assigned</b>					
Public Health	289,199	-	-	-	289,199
Social Services	4,304,485	-	-	-	4,304,485
County Manager	122,118	-	-	-	122,118
Human Resources	614,061	-	-	-	614,061
Library	400,697	-	-	-	400,697
Subsequent year's expenditures	6,471,106	-	-	-	6,471,106
<b>Unassigned</b>	<b>20,734,380</b>	<b>-</b>	<b>(2,380,149)</b>	<b>-</b>	<b>18,354,231</b>
<b>Total fund balances</b>	<b>50,563,312</b>	<b>49,288,441</b>	<b>7,449,824</b>	<b>17,535,650</b>	<b>124,837,227</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 63,051,241</b>	<b>\$ 50,432,037</b>	<b>\$ 12,948,323</b>	<b>\$ 17,911,889</b>	<b>\$ 144,343,490</b>

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

**CATAWBA COUNTY, NORTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total <i>fund balances</i> for governmental funds (Exhibit 3)	\$ 124,837,227
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	93,360,352
The County has an equity interest in a joint venture. This investments is not a current financial resource and therefore not reported in the funds	1,619,741
Charges related to refunding bond issues	3,228,486
Liabilites for earned revenues considered deferred inflows of resources in fund statements	4,886,018
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>(163,494,768)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 64,437,056</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Major Funds			Non Major Funds	Total Governmental Funds
	General Fund	General Capital Projects Fund	School Construction Fund	Other Governmental Funds	
<b>Revenues</b>					
Ad valorem taxes	\$ 88,556,119	\$ -	-	\$ 6,037,846	\$ 94,593,965
Other taxes	21,727,718	2,679,230	-	4,107,873	28,514,821
Unrestricted intergovernmental revenues	1,902,192	-	-	-	1,902,192
Restricted intergovernmental revenues	34,663,147	43,304	-	1,358,983	36,065,434
Licenses and permits	2,130,735	-	-	-	2,130,735
Sales and services	11,363,376	-	-	-	11,363,376
Investment earnings	550,066	366,554	62,580	176,273	1,155,473
Miscellaneous	2,886,785	651,860	-	1,290	3,539,935
Total revenues	<u>163,780,138</u>	<u>3,740,948</u>	<u>62,580</u>	<u>11,682,265</u>	<u>179,265,931</u>
<b>Expenditures</b>					
Current					
General government	11,329,249	-	-	-	11,329,249
Public safety	25,609,625	-	-	6,320,518	31,930,143
Environmental protection	461,359	-	-	-	461,359
Economic and physical development	13,435,354	-	-	138,427	13,573,781
Human services	47,114,736	-	-	-	47,114,736
Culture and recreation	2,769,125	-	-	-	2,769,125
Education	40,004,060	-	-	-	40,004,060
Capital outlay	-	11,503,124	17,566,147	4,272,880	33,342,151
Debt service					
Principal	12,078,442	-	-	-	12,078,442
Interest	3,794,348	-	-	-	3,794,348
Sinking fund escrow	1,853,902	-	-	-	1,853,902
Payment to refunded bond escrow agent	1,014,000	-	-	-	1,014,000
Bond issuance costs	23,583	-	-	-	23,583
Total expenditures	<u>159,487,783</u>	<u>11,503,124</u>	<u>17,566,147</u>	<u>10,731,825</u>	<u>199,288,879</u>
Excess of revenues over (under) expenditures	<u>4,292,355</u>	<u>(7,762,176)</u>	<u>(17,503,567)</u>	<u>950,440</u>	<u>(20,022,948)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds	50,000	1,753,907	1,043,303	94,855	2,942,065
Transfers to other funds	(4,397,993)	-	-	(145,637)	(4,543,630)
Refunding limited obligation bonds issued	1,810,000	-	-	-	1,810,000
Limited obligation bonds issued	-	20,125,000	-	-	20,125,000
Premium on limited obligation bonds	39,911	2,161,054	-	-	2,200,965
Payment to refunded bond escrow agent	(1,849,125)	-	-	-	(1,849,125)
Total other financing sources (uses)	<u>(4,347,207)</u>	<u>24,039,961</u>	<u>1,043,303</u>	<u>(50,782)</u>	<u>20,685,275</u>
Net change in fund balance	(54,852)	16,277,785	(16,460,264)	899,658	662,327
<b>Fund Balances - Beginning of Year</b>	50,618,164	33,010,656	25,680,303	16,635,992	125,945,115
<b>Restatement (Note 9)</b>	-	-	(1,770,215)	-	(1,770,215)
<b>Fund Balances - Beginning of Year Restated</b>	<u>50,618,164</u>	<u>33,010,656</u>	<u>23,910,088</u>	<u>16,635,992</u>	<u>124,174,900</u>
<b>Fund Balances - End of Year</b>	<u>\$ 50,563,312</u>	<u>\$ 49,288,441</u>	<u>\$ 7,449,824</u>	<u>\$ 17,535,650</u>	<u>\$ 124,837,227</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, 2014**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in <i>fund balances</i> - total governmental funds (Exhibit 4)	\$ 662,327
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 net capital outlays exceeded depreciation in the current period.	8,701,069
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.	(253,318)
Revenues in the statement of activities that do not provide current financial resources are not recorded as revenues in the funds.	(1,265,520)
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.	(6,962,779)
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.	<u>(1,353,415)</u>
Total changes in net position of governmental activities (Exhibit 2)	<u>\$ (471,636)</u>

**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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over/Under</u>
<b>Revenues</b>				
Ad Valorem taxes	\$ 85,117,917	\$ 85,117,917	\$ 88,556,119	\$ 3,438,202
Other taxes	20,264,046	20,264,046	21,727,718	1,463,672
Unrestricted intergovernmental revenues	1,841,000	1,841,000	1,902,192	61,192
Restricted intergovernmental revenues	36,916,079	37,642,524	34,663,147	(2,979,377)
Licenses and permits	1,861,447	1,861,447	2,130,735	269,288
Sales and services	11,578,366	11,569,366	11,363,376	(205,990)
Investment earnings	501,000	501,000	540,922	39,922
Miscellaneous	2,734,138	2,917,399	2,886,785	(30,614)
Total revenues	<u>160,813,993</u>	<u>161,714,699</u>	<u>163,770,994</u>	<u>2,056,295</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	12,738,625	12,595,992	10,960,050	1,635,942
Public safety	26,618,867	26,939,476	25,609,625	1,329,851
Environmental protection	603,309	603,309	461,359	141,950
Economic and physical development	14,380,781	14,396,372	13,435,354	961,018
Human services	54,656,486	54,669,945	47,114,736	7,555,209
Culture and recreation	3,145,286	3,145,286	2,769,125	376,161
Education	40,365,232	40,365,232	40,004,060	361,172
<b>Debt service</b>				
Principal	12,155,603	12,078,790	12,078,442	348
Interest	3,432,250	3,509,063	3,794,348	(285,285)
Sinking fund escrow	1,853,905	1,853,905	1,853,902	3
Payment to refunded bond escrow agent	-	-	1,014,000	(1,014,000)
Bond issuance costs	-	-	23,583	(23,583)
Total expenditures	<u>169,950,344</u>	<u>170,157,370</u>	<u>159,118,584</u>	<u>11,038,786</u>
Excess of revenues over (under) expenditures	<u>(9,136,351)</u>	<u>(8,442,671)</u>	<u>4,652,410</u>	<u>13,095,081</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	50,000	50,000	50,000	-
Transfers to other funds	(4,727,806)	(4,788,534)	(4,788,534)	-
Refunding limited obligation bonds issued	-	-	1,810,000	1,810,000
Premium on limited obligation bonds	-	-	39,911	39,911
Payment to refunded bond escrow agent	-	-	(1,849,125)	(1,849,125)
Fund balance appropriated	13,814,157	13,181,205	-	(13,181,205)
Total other financing sources (uses)	<u>9,136,351</u>	<u>8,442,671</u>	<u>(4,737,748)</u>	<u>(13,180,419)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(85,338)</u>	<u>\$ (85,338)</u>
<b>Fund Balances - Beginning of Year</b>			<u>49,998,294</u>	
<b>Fund Balances - End of Year</b>			<u>\$ 49,912,956</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			4,206	
Transfer from other funds			390,541	
Expenditures			(369,199)	
Fund Balance, Beginning			171,113	
A legally budgeted General Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			4,938	
Fund Balance, Beginning			448,757	
Fund Balance, Ending (Exhibit 4)			<u>\$ 50,563,312</u>	

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

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Management Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 19,286,777	12,549,951	\$ 31,836,728
Due from other governments	131,886	587,932	719,818
Notes receivable	-	369,971	369,971
Accounts receivables (net of allowance)	392,493	11,231	403,724
Other receivables	45,638	83,350	128,988
Prepaid fees	1,598	196,157	197,755
Restricted cash and investments	-	23,952,473	23,952,473
Total current assets	<u>19,858,392</u>	<u>37,751,065</u>	<u>57,609,457</u>
Noncurrent assets			
Capital assets			
Land, non-depreciable improvements, and construction in progress	7,989,245	28,682,168	36,671,413
Other capital assets, net of depreciation	18,298,905	7,725,896	26,024,801
Total capital assets	<u>26,288,150</u>	<u>36,408,064</u>	<u>62,696,214</u>
Total assets	<u>46,146,542</u>	<u>74,159,129</u>	<u>120,305,671</u>
<b>Deferred outflows of resources</b>			
Deferred charge on debt refunding	-	52,685	52,685
Total deferred outflows of resources	<u>-</u>	<u>52,685</u>	<u>52,685</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	412,822	506,864	919,686
Accrued landfill closure and postclosure care costs	175,000	-	175,000
Installment loan payable	-	978,778	978,778
Compensated absences payable	69,236	8,576	77,812
Total current liabilities	<u>657,058</u>	<u>1,494,218</u>	<u>2,151,276</u>
Noncurrent liabilities			
Accrued landfill closure and postclosure care costs	10,006,541	-	10,006,541
Installment loan payable	-	12,830,508	12,830,508
Installment loan premium	-	189,588	189,588
Compensated absences payable	48,878	13,645	62,523
Other post employment benefits obligation	178,790	5,101	183,891
Total noncurrent liabilities	<u>10,234,209</u>	<u>13,038,842</u>	<u>23,273,051</u>
Total liabilities	<u>10,891,267</u>	<u>14,533,060</u>	<u>25,424,327</u>
<b>Net Position</b>			
Net investment in capital assets	26,288,150	23,283,354	49,571,504
Unrestricted	8,967,125	36,395,400	45,362,525
Total net position	<u>\$ 35,255,275</u>	<u>\$ 59,678,754</u>	<u>\$ 94,934,029</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 Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

**Business-Type Activities - Enterprise Funds**

	<b>Solid Waste Management Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 4,714,821	\$ -	\$ 4,714,821
Methane recovery	784,241	-	784,241
Other operating revenues	70,750	-	70,750
Total operating revenues	<u>5,569,812</u>	<u>-</u>	<u>5,569,812</u>
<b>Operating Expenses</b>			
Administration	517,298	83,149	600,447
Recycling	55,407	-	55,407
Solid waste management improvements	192,688	-	192,688
Solid waste code enforcement	74,398	-	74,398
Biodiesel and freon recovery	35,540	-	35,540
Sanitary landfill	2,653,467	-	2,653,467
Landfill closure and postclosure costs	175,000	-	175,000
Convenience centers	1,100	-	1,100
Blackburn landfill methane recovery	742,278	-	742,278
Water and sewer	-	977,283	977,283
Depreciation	719,787	214,248	934,035
Total operating expenses	<u>5,166,963</u>	<u>1,274,680</u>	<u>6,441,643</u>
Operating income (loss)	<u>402,849</u>	<u>(1,274,680)</u>	<u>(871,831)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Engineering fees	-	19,000	19,000
Sales Taxes - Article 46 - one quarter of one percent	-	1,359,558	1,359,558
Interest on long term debt	-	(337,595)	(337,595)
Investment earnings	210,488	411,317	621,805
Miscellaneous	4,565	67,927	72,492
Municipal revenue sharing	-	766,725	766,725
Scrap tire grant	35,570	-	35,570
Solid waste disposal taxes	297,543	-	297,543
Loss on capital assets	-	(574)	(574)
FEMA - disaster recovery funds	66,464	-	66,464
Electronics management distribution	10,327	-	10,327
Total nonoperating revenues (expenses)	<u>624,957</u>	<u>2,286,358</u>	<u>2,911,315</u>
Income (loss) before contributions and transfers	<u>1,027,806</u>	<u>1,011,678</u>	<u>2,039,484</u>
Capital contributions	-	126,942	126,942
Transfer from General Fund	1,565	1,600,000	1,601,565
Change in net position	1,029,371	2,738,620	3,767,991
<b>Net Position - Beginning of Year</b>	<u>34,225,904</u>	<u>56,940,134</u>	<u>91,166,038</u>
<b>Net Position - End of Year</b>	<u>\$ 35,255,275</u>	<u>\$ 59,678,754</u>	<u>\$ 94,934,029</u>

The accompanying notes are an integral part of the financial statements



**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

**Business-Type Activities - Enterprise Funds**

	<b>Solid Waste Management Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 5,518,940	8,209	\$ 5,527,149
Cash paid for goods and services	(2,821,576)	(1,124,289)	(3,945,865)
Cash paid to employees	(1,513,422)	(81,325)	(1,594,747)
Other operating revenues	70,750	-	70,750
Net cash provided (used) by operating activities	<u>1,254,692</u>	<u>(1,197,405)</u>	<u>57,287</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Tire disposal tax	187,319	-	187,319
Solid waste disposal tax	62,391	-	62,391
White goods disposal tax	47,833	-	47,833
Scrap tire grant	35,570	-	35,570
Other charges	14,892	-	14,892
FEMA - disaster recover funds	66,464	-	66,464
Other taxes	-	1,359,558	1,359,558
Domestic haulers	-	86,927	86,927
Municipal revenue sharing	-	766,725	766,725
Transfer from general fund	1,565	1,600,000	1,601,565
Total cash provided by noncapital financing activities	<u>416,034</u>	<u>3,813,210</u>	<u>4,229,244</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Installment loan proceeds for capital	-	-	-
Community development block grant	-	45,255	45,255
State clean water grant	-	81,687	81,687
Principal paid on installment notes payable	-	(969,775)	(969,775)
Interest paid on installment notes payable	-	(347,798)	(347,798)
Acquisition and construction of capital assets	(339,485)	(4,732,776)	(5,072,261)
Net cash provided (used) by capital and related financing activities	<u>(339,485)</u>	<u>(5,923,407)</u>	<u>(6,262,892)</u>
<b>Cash Flows from Investing Activities</b>			
Investment earnings	194,439	388,531	582,970
Net increase (decrease) in cash and cash equivalents	1,525,680	(2,919,071)	(1,393,391)
Cash and cash equivalents - beginning of year	<u>17,761,097</u>	<u>39,421,495</u>	<u>57,182,592</u>
Cash and cash equivalents - end of year	<u>\$ 19,286,777</u>	<u>36,502,424</u>	<u>\$ 55,789,201</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

**Business-Type Activities - Enterprise Funds**

	<u>Solid Waste Management Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 402,849	(1,274,680)	(871,831)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	719,787	214,248	934,035
Increase (decrease) in landfill closure and postclosure care costs	175,000	-	175,000
Changes in assets and liabilities			
(Increase) decrease in refundable sales tax	38,821	5,962	44,783
(Increase) decrease in other receivables	(18,943)	2,247	(16,696)
(Increase) decrease in notes receivables	-	(161,316)	(161,316)
Increase (decrease) in accounts payable and other liabilities	(91,054)	14,309	(76,745)
Increase (decrease) in compensated absences	1,853	1,146	2,999
Increase (decrease) in accrued salaries and other benefits	26,379	679	27,058
Total adjustments	<u>851,843</u>	<u>77,275</u>	<u>929,118</u>
Net cash provided by operating activities	<u>\$ 1,254,692</u>	<u>(1,197,405)</u>	<u>\$ 57,287</u>
Noncash investing, capital and financing activities:			
(Premium)/deferred charge from debt refunding	-	(10,203)	(10,203)
	<u>\$ -</u>	<u>\$ (10,203)</u>	<u>\$ (10,203)</u>

The accompanying notes are an integral part of the financial statements

**CATAWBA COUNTY, NORTH CAROLINA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	<u>\$ 74,576</u>
<b>Liabilities</b>	
Miscellaneous liabilities	<u>\$ 74,576</u>

The accompanying notes are an integral part of the financial statements

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Catawba County (government) and its discretely presented component units conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

**A. Reporting Entity**

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the financial activities of the County and its component units, legally-separate entities for which the County is financially accountable. The Catawba County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Catawba Valley Medical Center (the *Medical Center*) and the Catawba County ABC Board (the *Board*) have a June 30 year end and are presented as if they are separate proprietary funds of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Catawba County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the Board of County Commissioners. The County can remove any member of the Authority with or without cause.	None Issued.
Catawba Valley Medical Center	Discrete	The Medical Center is a public hospital that was organized in 1962 by resolution of the Board of Commissioners of Catawba County. The County appoints the board of trustees for the Medical Center. The County has also issued revenue bonds for improvement of the Medical Center facilities, which are paid from Medical Center revenues.	Catawba Valley Medical Center 810 Fairgrove Church Road S.E. Hickory, NC 28602
Catawba County ABC Board	Discrete	The members of the ABC Board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Catawba County ABC Board 1910 Fairgrove Church Road Newton, NC 28658

**B. Basis of Presentation**

**Government-wide Statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the consolidation process. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services provided to them.

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the County and for each function of the County's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific function. *Indirect expense allocations* that have been made in the funds have been reversed for the statement of activities. *Program revenues* include 1) fees and charges by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

**Fund Financial Statements** - The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in separate columns. All remaining governmental and proprietary funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result in exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary services.

The County reports the following major governmental funds:

**General Fund** - The *General Fund* is the primary operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, Federal and State grants, and other various taxes and licenses. The primary expenditures are for education, human services, public safety, economic and physical development, environmental protection, cultural and recreational projects, and general government services. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund. The General Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

**General Capital Projects Fund** - *The General Capital Projects Fund* accounts for the financing and construction of all major general capital projects.

**School Construction Fund** - *The School Construction Fund* accounts for the financing and construction of major capital projects for the three public school systems and community college in the County.

The County reports the following major proprietary funds, which are both enterprise funds:

**Solid Waste Management Fund** - *The Solid Waste Management Fund* accounts for the operation, maintenance and development of various landfills and disposal sites and other solid waste activities.

**Water and Sewer Fund** - *The Water and Sewer Fund* accounts for the operation, maintenance, and development of water and sewer lines and pump stations.

The County reports the following fiduciary fund types:

**Agency Funds** - *Agency funds* are custodial in nature (assets equal liabilities) and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency funds: Social Services Fund, which accounts for moneys deposited with the Social Services department for the benefit of certain individuals; the Sheriff

## CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Commissary Fund, which accounts for monies deposited with the Sheriff department for inmates; the Delinquent Motor Vehicle Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Sheriff Civil Fund, which accounts for the civil settlements issued by the Courts; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

**Non-major Funds** - The County maintains twenty eight legally budgeted funds. The Emergency Telephone System Fund, Citizens' Alert System Fund, Narcotics Seized Funds and Property Fund, Rescue Squads Fund, Library Endowment Fund, Gretchen Peed Scholarship Fund, Parks/Historic Preservation Fund, Community Development Fund and the fourteen individual Fire District Funds are reported as non-major special revenue funds. The School Capital Projects Fund, School Bond Fund—1997 Series and the Hospital Construction Fund are reported as capital projects funds. The Hospital Capital Reserve Fund is consolidated in the Hospital Construction Fund in accordance with GASB Statement No. 54.

#### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus*, except for agency funds that have no measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recording when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds, the Solid Waste Management Fund and the Water and Sewer Fund, are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available.

Expenditures are recorded when the related liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated balances, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

**D. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue (except Community Development Fund), and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances that may span more than one year are adopted for the Capital Projects Funds and the Enterprise Capital Projects Funds. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes. Grant ordinances that span more than one year are adopted for the Community Development Fund. These appropriations are carried over until the projects and grants are completed.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund and departmental level for all annually budgeted and multi-year funds. Transfers of appropriations between funds may be made only by the Board, with the exception of merit, reclassification funds, and special contingency which the County Manager has the authority to transfer. Transfers of appropriations between departments in a fund or from contingency shall be approved by the Board, but may be approved by the County Manager if he finds they are consistent with operational needs and any Board approved goals and do not exceed \$50,000 for department transfers or \$50,000 for transfers from contingency. Transfers from contingency approved by the Manager can exceed \$50,000 if he determines an emergency exists. All such transfers approved by the Manager must be presented to the Board at its next regular meeting. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity  
Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

State law [G.S. 159-30(c)] authorized the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**Cash and Cash Equivalents**

A cash and investment pool is maintained by the County to facilitate disbursement and investment and to maximize investment income. The pool is used by all funds except the Social Services, Sheriff Commissary and Sheriff Civil agency funds. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Social Services, Sheriff Commissary and Sheriff Civil agency funds are maintained in noninterest bearing demand deposit accounts as reflected on Schedule G-1.

**Restricted Assets**

The unexpended installment purchase proceeds are classified as restricted assets within the General Fund, School Construction Fund, and the Water and Sewer Fund because their use is completely restricted to the purpose for which the funds were borrowed. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the capital reserve funds is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Money in the School Capital Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

**Catawba County Restricted Cash**

<b>Catawba County Restricted Cash</b>		
<b>Governmental Activities</b>		
General Fund	Unexpended debt proceeds	\$ 194,760
General Fund	Sinking fund escrow required by debt agreement	1,644,590
General Fund	Tax revaluation	233,546
General Fund	Capital reserve funds	452,670
General Capital Projects Fund	Unexpended debt proceeds	17,957,394
School Construction Fund	Unexpended debt proceeds	4,726,766
School Construction Fund	Sinking fund escrow required by debt agreement	4,645,650
Total Governmental Activities		<u>\$ 29,855,376</u>
<b>Business-Type Activities</b>		
Water and Sewer Fund	Unexpended debt proceeds	\$ 821,480
Water and Sewer Fund	Capital projects reserve funds	23,130,993
Total Business-Type Activities		<u>\$ 23,952,473</u>
<b>Total Restricted Cash</b>		<u><u>\$ 53,807,849</u></u>

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

**Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**Inventories and Prepaid Items**

Inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The County holds title to certain Catawba County Board of Education and Hickory Public Schools Board of Education and Newton-Conover City Schools Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit financing of acquisition and construction costs. Agreements between the County and the Boards of Education give the Boards full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the properties back to the Boards of Education, once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the Catawba County Board of Education, the Hickory Public Schools Board of Education, and the Newton-Conover City Schools Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Building and improvements	50 years
Furniture and office equipment	10 years
Maintenance and construction equipment	8 years
Medium and heavy motor trucks	6 years
Automobiles and light trucks	4 years
Computer equipment	5 years
Computer software	5 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion—a charge on refunding that had previously been classified as an asset. In addition to liabilities, the state-

## CATAWBA COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Fiscal Year Ended June 30, 2014

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ment of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County items that meet the criterion for this category are prepaid taxes, economic development unearned revenue and other receivables. Detailed information regarding deferred outflows/inflows of resources can be found under Note 3 in the notes to the financial statements.

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

##### Compensated Absences

It is the policy of the County to permit employees to accumulate up to thirty (30) days earned but unused vacation leave, with such leave being fully vested when earned. The County's liability for accumulated earned vacation and salary-related payments as of June 30, 2014, is recorded in the government-wide financial statements. For the County's proprietary fund, an expense and liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned, if the amount is considered to be material.

The sick leave policy of the County provides for an unlimited accumulation of earned but unused sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither employee nor the County has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

##### Net Position/Fund Balances

###### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

###### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

**Nonspendable Fund Balance** - This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Inventories* - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Prepaid* - portion of fund balance that is not an available resource because it represents the asset amount of prepaid expenditures, which are not spendable resources.

**Restricted Fund Balance** - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Stabilization of State Statute* - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

*Register of Deeds* - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

*Public Safety* - portion of fund balance that is restricted by revenue source for public safety expenditures.

*Fire Protection* - portion of fund balance that is restricted by revenue source for fire protection expenditures.

*Debt Service* - portion of fund balance that is restricted by revenue source for debt service expenditures.

*Library Endowment* - portion of fund balance that is restricted by revenue source for library expenditures.

*Scholarship* - portion of fund balance that is restricted by revenue source for scholarship expenditures.

*Parks Preservation* - portion of fund balance that is restricted by revenue source for parks preservation expenditures.

*Community Development*—portion of fund balance that is restricted by grant revenue for community improvement projects.

*School Capital and Construction* - portion of fund balance that is restricted by revenue source for school capital and construction.

*Hospital Capital* - portion of fund balance that is restricted by revenue source for hospital capital expenditures.

*General Capital Reserve* - portion of fund balance that is restricted by revenue source for specified capital projects.

*General Capital* - portion of fund balance that is restricted by revenue source for specified capital projects.

Restricted net position on Exhibit 1 differs from restricted fund balance on Exhibit 3 due to unspent debt proceeds of \$22,878,920 and investment in joint venture of \$1,619,741.

**Committed Fund Balance** - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Catawba County's governing body. The Board of Commissioners is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Tax Revaluation* - portion of fund balance that can only be used for Tax Revaluation.

*General Capital* - portion of fund balance that can only be used for specified capital projects.

*School Capital* - portion of fund balance that can only be used for specified school capital

## CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

projects.

*Hospital Construction* - portion of fund balance that can only be used for hospital construction.

**Assigned Fund Balance** - Portion of fund balance that Catawba County governing board has budgeted.

*Public Health* - portion of fund balance that has been budgeted by the board for future public health expenditures.

*Social Services* - portion of fund balance that has been budgeted by the board for future social service expenditures.

*County Manager* - portion of fund balance that has been budgeted by the board for future county manager expenditures.

*Human Resources* - portion of fund balance that has been budgeted by the board for future human resource expenditures.

*Library* - portion of fund balance that has been budgeted by the board for future library expenditures.

*Subsequent year's expenditures* - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$50,000.

**Unassigned Fund Balance** - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

For programs with multiple revenue sources, it is the County's practice to use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by in-order committed fund balance, assigned fund balance and lastly unassigned fund balance.

#### F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS POLICIES

**a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.** The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position– governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(60,400,171) consists of several elements as follows:

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS POLICIES (continued)**

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 151,902,986
Less accumulated depreciation	<u>(58,542,634)</u>
Net capital assets	<u>93,360,352</u>
Equity in joint ventures recorded on government-wide statement of net position but not on fund statements because it is not a current financial source of funds	1,619,741
Deferred charges related to advance refunding issued - included on government-wide statement of net position but are not current financial resources	3,228,486
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	4,886,018
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
General obligation bonds	(760,000)
Certificates of participation	(10,730,000)
Installment purchase	(44,692,130)
Qualified zone academy bonds	(400,000)
Qualified school construction bonds	(21,529,896)
Build America bonds	(6,663,443)
Limited obligation bonds	(57,702,836)
Department of Commerce	(2,600,000)
Premium on long-term debt	(6,935,140)
Compensated absences	(4,428,877)
Net pension obligation	(1,115,961)
Net other post employment benefits	<u>(5,936,485)</u>
	<u>(163,494,768)</u>
Total adjustment	\$ <u>(60,400,171)</u>

**b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position in governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(1,133,963) as follows:

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS POLICIES (continued)**

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives	\$ 12,502,349
Fair value of donated assets that is not recorded in the fund statement but is recorded in the government-wide statements	19,346
Cost of disposed assets not recorded in fund statements	(14,673)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(3,805,953)
New debt issued during the year is recorded as a source of funds on the fund statements: it has no effect on the statement of activities - it affects only the government-wide statement of net position	(21,935,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affects only the statement of net position in the government-wide statements	
General obligation bonds	2,565,000
Certificates of participation	5,735,000
Installment purchases	3,925,910
Qualified zone academy bonds	50,000
Qualified construction construction bonds sinking fund	1,853,902
Build America bonds	579,429
Limited obligation bonds	2,003,103
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Current year deferred interest	-
Amortization of deferred interest	(334,063)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(233,420)
Net (increase) decrease in pension obligation	(121,421)
Net (increase) decrease in other post employment benefits	(664,511)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase (decrease) in value of joint venture	(253,318)
Premium on long-term debt	(2,200,965)
Amortization of premium on debt issuance	460,842
Net (increase) decrease in receivables and deferred revenue	<u>(1,265,520)</u>
Total adjustment	<u>\$ (1,133,963)</u>

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**Deposits and Investments**

**Deposits**

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the name of the County. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$25,725,773 and a bank balance of \$26,152,482. Of the bank balance, \$2,424,072 was covered by federal depository insurance and \$23,728,410 in deposits were covered by collateral under the Pooling Method.

At June 30, 2014, Catawba County had \$9,606 cash on hand.

**Investments**

As of June 30, 2014 the County had the following investments and maturities.

Investment Type	Fair Value	Less than 6		
		months	6-12 months	1-5 years
Certificates of deposit	\$ 255,133	\$ -	\$ 255,133	\$ -
U.S. Government-sponsored enterprises *	107,094,922	-	2,033,820	105,061,102
Commercial Paper	4,000,000	4,000,000	-	-
Finistar	2,604,149	-	-	-
NC Capital Trust Management Trust				
Cash Portfolio-unrestricted	23,587,526	N/A	N/A	N/A
NC Capital Trust Management Trust				
Cash Portfolio-restricted	15,230,266	N/A	N/A	N/A
<b>Total:</b>	<b>\$ 152,771,996</b>	<b>\$ 4,000,000</b>	<b>\$ 2,288,953</b>	<b>\$ 105,061,102</b>

\*\$65,625,635 of these securities have call options. It is the intention of the County to hold these to final maturity and this time frame is reflected in the table.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy is to stagger portfolio maturities to avoid undue concentration of assets in a specific maturity sector. A portion of the portfolio is continuously invested in maturities of less than 12 months.

The investment policy limits all securities to a final maturity of not more than five years. The County does

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

not have a board approved policy on interest rate risk; however, it follows the restrictions of an internal investment policy that has been reviewed by the Board of Commissioners.

**Credit Risk**

The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014. The County's investment in U.S. government-sponsored enterprises includes Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (FreddieMac), Federal National Mortgage Association (FannieMae), and are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County's investment in money market funds carried a credit rating of A-1 P-1 by Standard & Poor's and Moody's Investors Service as of June 30, 2014. The County does not have a board approved policy on credit risk; however, it follows the restrictions of an internal investment policy that has been reviewed by the Board of Commissioners.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Proceeds from the issuance of certificates of participation and other installment financing are held in escrow in bank trust departments. These escrow agents purchase and hold the securities in the County's name. The County does not have a board approved policy on custodial credit risk; however, it follows the restrictions of an internal investment policy that has been reviewed by the Board of Commissioners.

**Concentration of Credit Risk**

The County places no limit on the amount that the County may invest in any one issuer. More than 74% of the County's investments are in United States government-sponsored enterprises and commercial paper. Investments in Federal Farm Credit are 4%, Federal Home Loan Bank are 13%, Federal Home Loan Mortgage Corporation are 24%, Federal National Mortgage Agency are 30% and commercial paper are 3% of the County's total investments. The County does not have a board approved policy on concentration of credit risk; however, it follows the restrictions of an internal investment policy that has been reviewed by the Board of Commissioners.

**Property Tax – Use – Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	1,377,987	389,282	1,767,269
2012	1,271,592	244,781	1,516,373
2013	1,293,335	132,567	1,425,902
2014	1,306,002	-	1,306,002
Total	<u>\$ 5,248,916</u>	<u>\$ 766,630</u>	<u>\$ 6,015,546</u>

**Receivables**

Receivables at the government-wide level at June 30, 2014 were as follows:

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

	<b>Governmental activities</b>				<b>Total Governmental Activities</b>
	<b>General</b>	<b>General Capital Projects Fund</b>	<b>School Construction Fund</b>	<b>Non-major Funds</b>	
<b>Receivables</b>					
Accounts	\$ 3,012,103	\$ 5,712	\$ -	\$ -	\$ 3,017,815
Taxes	8,346,155	-	-	428,434	8,774,589
Notes	516,230	-	-	-	516,230
Due from other government	12,696,936	913,906	447,568	1,304,420	15,362,830
Other	196,131	76,599	9,989	37,221	319,940
Gross Receivables	24,767,555	996,217	457,557	1,770,075	27,991,404
Allowance for uncollectibles	(6,489,967)	-	-	(292,934)	(6,782,901)
Net total receivables	<u>\$ 18,277,588</u>	<u>\$ 996,217</u>	<u>\$ 457,557</u>	<u>\$ 1,477,141</u>	<u>\$ 21,208,503</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 406,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,304</u>

	<b>Business-type activities</b>		
	<b>Solid Waste Management Fund</b>	<b>Water and Sewer Fund</b>	<b>Total Business-type Activities</b>
<b>Receivables</b>			
Accounts	\$ 392,493	\$ 1,300,091	\$ 1,692,584
Taxes	-	-	-
Notes	-	369,971	369,971
Due from other governments	131,886	587,932	719,818
Other	45,638	83,350	128,988
Gross Receivables	570,017	2,341,344	2,911,361
Allowance for uncollectibles	-	(1,288,860)	(1,288,860)
Net total receivables	<u>\$ 570,017</u>	<u>\$ 1,052,484</u>	<u>\$ 1,622,501</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ 329,031</u>	<u>\$ 329,031</u>

The due from other governments that is owed to the County consists of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Local option sales tax	\$ 7,158,581	\$ 346,686
White goods disposal tax	-	11,681
Scrap tire tax	-	47,569
Solid waste disposal tax	-	14,328
Lottery funds	262,886	-
Various federal and state grants	6,936,487	159,303
Refundable sales tax	1,004,876	140,251
	<u>\$ 15,362,830</u>	<u>\$ 719,818</u>

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

**Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,696,392	\$ -	\$ -	\$ 5,696,392
Construction in progress	11,878,881	10,971,891	(3,961,311)	18,889,461
<b>Total capital assets, not being depreciated</b>	<b>17,575,273</b>	<b>10,971,891</b>	<b>(3,961,311)</b>	<b>24,585,853</b>
Capital assets, being depreciated				
Buildings	88,623,973	3,961,311	-	92,585,284
Other improvements	14,291,159	-	-	14,291,159
Equipment and vehicles	19,603,820	1,549,804	(712,934)	20,440,690
<b>Total capital assets, being depreciated</b>	<b>122,518,952</b>	<b>5,511,115</b>	<b>(712,934)</b>	<b>127,317,133</b>
Less accumulated depreciation for				
Buildings	(38,953,821)	(1,779,733)	-	(40,733,554)
Other improvements	(4,141,697)	(282,886)	-	(4,424,583)
Equipment and vehicles	(12,339,424)	(1,743,334)	698,261	(13,384,497)
<b>Total accumulated depreciation</b>	<b>(55,434,942)</b>	<b>(3,805,953)</b>	<b>698,261</b>	<b>(58,542,634)</b>
<b>Total capital assets, being depreciated, net</b>	<b>67,084,010</b>	<b>1,705,162</b>	<b>(14,673)</b>	<b>68,774,499</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 84,659,283</b>	<b>\$ 12,677,053</b>	<b>\$ (3,975,984)</b>	<b>\$ 93,360,352</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 177,387
Public safety	1,998,627
Environmental protection	30,910
Economic & physical development	275,996
Human services	1,241,600
Culture and recreation	81,433
<b>Total depreciation expense</b>	<b>\$ 3,805,953</b>

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities</b>				
<b>Solid Waste Management</b>				
Capital assets, not being depreciated				
Land	\$ 6,616,573	\$ 1,499	\$ -	\$ 6,618,072
Construction in progress	4,493,487	195,771	(3,318,085)	1,371,173
<b>Total capital assets, not being depreciated</b>	<b>11,110,060</b>	<b>197,270</b>	<b>(3,318,085)</b>	<b>7,989,245</b>

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

Capital assets, being depreciated				
Buildings	765,861	3,223,770	-	3,989,631
Other improvements	24,518,563	153,985	-	24,672,548
Equipment and vehicles	9,067,516	82,545	(19,346)	9,130,715
Total capital assets, being depreciated	<u>34,351,940</u>	<u>3,460,300</u>	<u>(19,346)</u>	<u>37,792,894</u>
Less accumulated depreciation for				
Buildings	(181,178)	(32,221)	-	(213,399)
Other improvements	(11,287,958)	(300,416)	-	(11,588,374)
Equipment and vehicles	(7,324,412)	(387,150)	19,346	(7,692,216)
Total accumulated depreciation	<u>(18,793,548)</u>	<u>(719,787)</u>	<u>19,346</u>	<u>(19,493,989)</u>
Total capital assets, being depreciated, net	<u>15,558,392</u>	<u>2,740,513</u>	<u>-</u>	<u>18,298,905</u>
Solid Waste Management capital assets, net	<u>\$ 26,668,452</u>	<u>\$ 2,937,783</u>	<u>\$ (3,318,085)</u>	<u>\$ 26,288,150</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
<b>Water &amp; Sewer</b>				
Capital assets, not being depreciated				
Land	\$ 1,270,339	\$ 7,087	\$ (574)	\$ 1,276,852
Construction in progress	23,366,089	4,725,689	(686,462)	27,405,316
Total capital assets, not being depreciated	<u>24,636,428</u>	<u>4,732,776</u>	<u>(687,036)</u>	<u>28,682,168</u>
Capital assets, being depreciated				
Plant and distribution systems/water lines	9,207,986	686,462	-	9,894,448
Other improvements	58,885	-	-	58,885
Total capital assets, being depreciated	<u>9,266,871</u>	<u>686,462</u>	<u>-</u>	<u>9,953,333</u>
Less accumulated depreciation for				
Plant and distribution systems/water lines	(2,006,123)	(213,070)	-	(2,219,193)
Other improvements	(7,066)	(1,178)	-	(8,244)
Total accumulated depreciation	<u>(2,013,189)</u>	<u>(214,248)</u>	<u>-</u>	<u>(2,227,437)</u>
Total capital assets, being depreciated, net	<u>7,253,682</u>	<u>472,214</u>	<u>-</u>	<u>7,725,896</u>
Water & Sewer capital assets, net	<u>\$ 31,890,110</u>	<u>\$ 5,204,990</u>	<u>\$ (687,036)</u>	<u>\$ 36,408,064</u>

**Construction Commitments**

The County has active construction and other capital projects as of June 30, 2014. The government's commitments with contractors and vendors is composed of numerous projects within the following funds:

	<u>Project Authorization</u>	<u>Expended to June 30, 2014</u>	<u>Committed</u>	<u>Required Future Financing</u>
<b>Governmental activities</b>				
General Capital Projects	\$ 73,552,847	\$ 27,437,104	46,115,743	None
Schools Capital Projects	18,291,419	14,383,447	3,907,972	None
School Construction	79,288,461	53,084,643	26,203,818	None
Total governmental activities	<u>\$ 171,132,727</u>	<u>\$ 94,905,194</u>	<u>\$ 76,227,533</u>	

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

**Business-type activities**

Solid Waste Management Fund	\$ 3,483,377	\$ 1,290,555	2,192,822	None
Water and Sewer Fund	40,691,808	27,917,204	12,774,604	None
<b>Total business-type activities</b>	<b>\$ 44,175,185</b>	<b>\$ 29,207,759</b>	<b>\$ 14,967,426</b>	

**Net Investment in Capital Assets**

Net investment in capital assets for June 30, 2014 was calculated as follows:

	<b>Governmental activities</b>	<b>Business-type activities</b>
Capital assets	\$ 93,360,352	\$ 62,696,214
Long term debt outstanding	(145,078,305)	(13,809,287)
School debt for which County does not hold asset title	108,892,776	-
Premium on long term debt, net of school related debt	(2,398,129)	(189,588)
Deferred outflows, net of school related debt	935,196	52,685
Unexpended proceeds	17,957,395	821,480
Total related debt	(19,691,067)	(13,124,710)
<b>Net investment in capital assets</b>	<b>\$ 73,669,285</b>	<b>\$ 49,571,504</b>

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2014 were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Other</b>	<b>Total</b>
<b>Governmental activities</b>				
General	\$ 2,428,021	\$ 2,453,211	\$ 594,763	\$ 5,475,995
General Capital Projects	1,143,596	-	-	1,143,596
School Construction	852,849	-	-	852,849
Non-major Funds	229,614	9,541	-	239,155
<b>Total governmental activities</b>	<b>\$ 4,654,080</b>	<b>\$ 2,462,752</b>	<b>\$ 594,763</b>	<b>\$ 7,711,595</b>
<b>Business-type Activities</b>				
Solid Waste Management	\$ 256,816	\$ 155,934	72	412,822
Water and Sewer	483,299	4,730	18,835	506,864
<b>Total business-type activities</b>	<b>\$ 740,115</b>	<b>\$ 160,664</b>	<b>\$ 18,907</b>	<b>\$ 919,686</b>

**Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

**Plan Description.** All permanent full-time employees of Catawba County participate in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Covered employees are required by state statute to contribute six percent of their annual covered salary to LGERS. The County is required by the same statute to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers are 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of Catawba County are established and may be amended by the North Carolina General Assembly. The County's contribution to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$3,311,102, \$3,115,631 and \$3,146,727, respectively. The contributions made by the County equaled the required contributions for each year.

**Law Enforcement Officers Special Separation Allowance**

**Plan Description.** Catawba County administers public employee retirement systems (the Separation Allowance), single-employer, defined benefit pension plans that provide retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the office for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>143</u>
	<u>149</u>

A separate report was not issued for the County's plan.

**Summary of Significant Accounting Policies:**

**Basis of Accounting.** The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures for the County are made from the General Fund, which is maintained on the modified accrual basis of accounting. Administration expenses are recognized as incurred.

**Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have, at the present, chosen to fund the benefit payments on a pay as you go basis. For the County, these benefits are funded through appropriations made in the General Fund operating budget. These benefit payments for the County are considered immaterial amounts. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The County's obligation to contribute to the plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees to the County's plan.

The annual required contribution for the current year for the County was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actu-

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

arial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

**Annual Pension Cost and Net Pension Obligation.** The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 215,647
Interest on net pension obligation	49,727
Adjustment to annual required contribution	<u>(81,028)</u>
Annual pension cost	\$ 184,346
Contributions made	<u>62,925</u>
Increase (decrease) in net pension obligation	\$ 121,421
Net pension obligation beginning of year	<u>994,540</u>
Net pension obligation end of year	<u>\$ 1,115,961</u>

**3 Year Trend Information**

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/2012	166,684	27.28	861,093
6/30/2013	177,873	24.98	994,540
6/30/2014	184,346	34.13	1,115,961

**Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,648,950. The covered payroll (annual payroll of active employees covered by the plan) was \$5,856,739, and the ratio of the UAAL to the covered payroll was 28.15%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** All law enforcement officers employed by the County participate in the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Participation begins at the date of employment, and benefits are provided to all law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Total contributions for the County for the year ended June 30, 2014 were \$370,573 which consisted of \$296,138 from the County and \$74,435 from the law enforcement officers.

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

**Register of Deeds' Supplemental Pension Fund**

**Plan Description.** Catawba County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the year ended June 30, 2014, the County's required and actual contributions were \$13,181.

**Other Postemployment Benefits (OPEB) – Catawba County  
Healthcare Benefits**

**Plan Description.** According to County resolution, the County administers a single-employer defined benefit health care plan. This plan provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least thirty years of creditable service with the County. The County will pay the individual premium for these individuals. Employees who retire with at least 15 years of service but less than 30 years can purchase coverage at the County's group rates. Also, retirees can purchase coverage for their dependents at the County's group rates. Eligibility for coverage ceases when the retiree and/or dependents receive Medicare.

Membership consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	50	8
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	978	131
<b>Total</b>	<b>1028</b>	<b>139</b>

A separate report was not issued for the County's plan.

**Funding Policy.** The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under the County resolution that can be amended by the Board of Commissioners. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 2.01% of annual covered payroll. For the current year, the County contributed \$260,847 or .6% of annual covered payroll. The County has a limited self-insurance plan covering health care coverage, and has a stop loss policy with private insurers.

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

**Summary of Significant Accounting Policies.** Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Annual OPEB Cost and Net OPEB Obligation.** The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 940,323
Interest on net OPEB obligation	189,311
Adjustment to annual required contribution	<u>(180,851)</u>
Annual OPEB cost (expense)	948,783
Contributions made	<u>(260,847)</u>
Increase (decrease) in net OPEB obligation	687,936
Net OPEB obligation, beginning of year	5,432,440
Net OPEB obligation, end of year	<u>\$ 6,120,376</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

<u>For the Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 980,056	25.15%	\$4,732,787
2013	\$ 948,783	26.26%	\$5,432,440
2014	\$ 948,783	27.49%	\$6,120,376

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$9,245,855. The covered payroll (annual payroll of active employees covered by the plan) was \$45,475,885, and the ratio of the UAAL to the covered payroll was 20.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative ex-

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

penses), which is the expected long-term investment returns on the employer's own investment calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

**Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System, a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in LGERS, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership services in LGERS at the time of death are eligible for death benefits. Lump sum death benefits payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<b>No. Years Contributing</b>	<b>Years Relief</b>	<b>FY Contributions Resume</b>
less than 10	1	2014
10 - 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Catawba County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**Closure and Postclosure Care Costs – Blackburn Resource Recovery Facility**

State and Federal laws and regulations require the County to place a final cover on its current operating cell at Blackburn Resource Recovery facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County also has a closed cell at the Blackburn Resource Recovery facility for which the entire amount of the closure and postclosure costs has been recognized as the cell capacity was used. Although closure and postclosure care costs will be paid only or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$10,181,541 reported as landfill closure and postclosure care liability as of June 30, 2014 represents a cumulative amount reported to date based on the use of 73.8% of the total estimated capacity of the material solid waste operating cell and 50.3% of the

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$7,843,413 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. The County expects to close the current material solid waste operating cell at the Blackburn Resource Recovery facility in 2021 and the construction and demolition operating cell in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

**Deferred Outflows and Inflows of Resources**

The amount of deferred outflows of resources is a charge on refunding of debt of \$3,281,171.

	Unavailable Revenue		Unearned Revenue	
	General Fund	Special Revenue	General Fund	Special Revenue
<b>Governmental Activities</b>				
Taxes receivable (net)	\$ 2,274,898	\$ 135,500	\$ -	\$ -
Ambulance receivable (net)	1,312,211	-	-	-
Business license receivable (net)	6,485	-	-	-
Human resource receivable (net)	1,156,924	-	-	-
Economic development unearned revenue	-	-	516,230	-
Prepaid taxes not yet earned	-	-	100,596	1,584
	<u>\$ 4,750,518</u>	<u>\$ 135,500</u>	<u>\$ 616,826</u>	<u>\$ 1,584</u>

**Risk Management**

The County is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The property of Catawba County Government is insured on a blanket basis with replacement cost coverage on buildings and contents, and actual cash value on equipment. The County self-insures its liability risk up to a deductible of \$100,000 each occurrence, and purchases excess liability insurance with limits of \$7 million for any one occurrence for bodily injury, property damage, and personal injury, including law enforcement, public officials, and employment practices liability. The County also self-insures its workers compensation risks up to \$350,000 each accident, and purchases excess workers compensation insurance to statutory limits. The insurance program includes physical damage coverage for owned autos at actual cash value, and fidelity insurance with limits of \$250,000 per occurrence. At the inception of the program, all of the property, liability, and workers compensation insurers utilized by the County have an A.M. Best's Company rating/financial size category of "A-/VII" or better with stable outlooks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The County health plan is self insured with claims paid through a third party administrator. The plan has specific stop loss coverage for individual losses in excess of \$100,000 and aggregate plan losses in excess of 120% of expected net paid claims.

The County carries flood insurance as a part of its property insurance through Argonaut Insurance Group with limits of \$1 million for any one occurrence. For all locations outside flood zone "A" (100 year flood plain), as designated by the Federal Emergency Management Association, a deductible of \$50,000 applies to flood damages. Locations within flood zone "A" are subject to a deductible equal to the maximum limit of flood coverage available through the National Flood Insurance Program. The County periodically reviews updated flood maps to identify any owned locations within designated flood zones.

In accordance with G.S. 159-29, The County's employees that have access to \$100 or more at any

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

given time of the County's funds are performance bonded through a commercial surety bond. The director of finance and tax collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities for claims are reported in the County's General Fund.

Changes in the balances of claims liabilities during the past three fiscal year are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning	\$ 506,660	\$ 601,365	\$ 441,422
Incurred claims	5,272,718	5,052,358	5,407,603
Claim payments	<u>5,381,933</u>	<u>5,147,063</u>	<u>5,247,660</u>
Unpaid claims, ending	<u>\$ 397,445</u>	<u>\$ 506,660</u>	<u>\$ 601,365</u>

**Contingent Liabilities**

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of management and the County attorney, the ultimate effect of these legal matters will not have a material effect on the County's financial position.

**Long-Term Obligations**

**Operating Leases**

Catawba County is committed under various operating leases for building space and equipment. These operating leases can be canceled with proper notice. For the year ended June 30, 2014, total lease expenditures reached \$183,572.

The following is a schedule of the future minimum lease payments under these leases:

<u>Year Ending</u>	<u>Amount</u>
2015	\$ 177,991
2016	176,354
2017	126,593
2018	<u>82,363</u>
	<u>\$ 563,301</u>

**Governmental Activities**

**Installment Purchases**

1. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement in April, 2006 for the purpose of providing funds up to \$9,200,000 to pay a portion of the cost of constructing and equipping a public elementary school for Catawba County Schools. The installment purchase was issued pursuant to a deed of trust that requires legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Board of Education of Catawba County Schools ("Board of Education") that transfers the rights and responsibilities for the maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments with the lease term the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

The original transaction required thirty semi-annual principal payments by the County of \$306,667 and thirty semi-annual interest payments at an interest rate of 4.19%. On April 12, 2012, the County refinanced the transaction at a new interest rate of 2.39%. The refinanced balance of \$5,519,999 requires

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

eighteen semi-annual principal payments of \$306,667 plus interest. This refinancing is expected to save the County \$471,960 in interest over the life of the loan.

For Catawba County, the future minimum payments as of June 30, 2014, including \$384,790 of interest are:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	613,333	98,946
2016	613,333	84,287
2017	613,333	69,629
2018	613,333	54,970
2019	613,333	40,311
2020-2021	1,226,668	36,647
<b>Total principal payments</b>	<b>\$ 4,293,333</b>	
<b>Total interest payments</b>		<b>\$ 384,790</b>

2. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement in October, 2011 for the purpose of providing funds of \$650,000 for the upgrade of computer servers for the County.

The transaction requires twenty quarterly payments by the County of \$33,896 including principal and interest at 1.67%. For Catawba County, the future minimum payments as of June 30, 2014, including \$6,272 of interest are:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	131,416	4,170
2016	133,625	1,961
2017	33,755	141
<b>Total principal payments</b>	<b>\$ 298,796</b>	
<b>Total interest payments</b>		<b>\$ 6,272</b>

3. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement for the purpose of providing funds up to \$16,750,000 to pay a portion of construction and renovation of public school and community college facilities. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Boards of Education and Community College Board of Trustees that transfers the rights and responsibilities for the maintenance and insurance of the property to the Boards of Education and Board of Trustees. The lease calls for nominal lease payments and a bargain purchase option. The lease term the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Boards of Education and Board of Trustees. This agreement was executed on May 12, 2009 and requires thirty semi-annual principal payments of \$558,333 and interest payments at an interest rate of 3.72%.

For Catawba County, the future minimum payments as of June 30, 2014, including \$2,180,850 of interest are:

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

	<b>Governmental Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	1,116,667	405,015
2016	1,116,667	363,475
2017	1,116,667	321,935
2018	1,116,667	280,395
2019	1,116,667	238,855
2020-2024	5,583,332	571,175
Total principal payments	<u>\$ 11,166,667</u>	
Total interest payments		<u>\$ 2,180,850</u>

4. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on April 30, 2013 for the purpose of providing funds up to \$31,000,000 for the construction and renovations to public schools, community college, and County animal shelter. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Boards of Education and Community College Board of Trustees that transfers the rights and responsibilities for the maintenance and insurance of the property to the Boards of Education and Board of Trustees. The lease calls for nominal lease payments and a bargain purchase option. The lease term the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Boards of Education and Board of Trustees. This agreement was executed on April 30, 2013 and requires fifteen annual principal payments of \$2,066,666 and interest payments at an interest rate of 1.96%.

For Catawba County, the future minimum payments as of June 30, 2014, including \$4,253,200 of interest are:

	<b>Governmental Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	2,066,666	567,093
2016	2,066,666	526,587
2017	2,066,666	486,080
2018	2,066,666	445,573
2019	2,066,666	405,067
2020-2024	10,333,336	1,417,733
2025-2028	8,266,668	405,067
Total principal payments	<u>\$ 28,933,334</u>	
Total interest payments		<u>\$ 4,253,200</u>

**Qualified Zone Academy Bonds**

As authorized by State law (G.S. 160A-20), the County entered into an installment financing agreement on May 30, 2008 for the purpose of providing funds up to \$700,000 to pay a portion of the renovation of a public school facility. The County's obligation under the contract will be designated as "Qualified Zone Academy Bonds (QZAB)" pursuant to the federal QZAB program. Under the QZAB program, the County's obligation will be interest free and the lender will receive tax credits that approximate a rate of return commensurate to the return it would have received on certain U.S. Treasury obligations. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Board of Education that transfers the rights and responsibilities for the maintenance and insurance of the property to the Board of Education. The lease calls for nominal lease payments and a bargain purchase option. The lease term the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

the Board of Education.

For Catawba County, the future minimum payments as of June 30, 2014 are:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	50,000	-
2016	50,000	-
2017	50,000	-
2018	50,000	-
2019	50,000	-
2020-2022	150,000	-
<b>Total</b>	<b>\$ 400,000</b>	<b>\$ -</b>

**Qualified School Construction Bonds**

1. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on September 27, 2010 for the purpose of providing funds up to \$21,508,553 for the construction of a new middle school, renovations to a middle school, renovations to a high school, and renovations of a community college. The County's obligation under the contract will be designated as "Qualified School Construction Bonds (QSCBs)" pursuant to the federal QSCB program. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Boards of Education and Board of Trustees that transfers the rights and responsibilities for the maintenance and insurance of the property to the Boards of Education and Board of Trustees. The lease calls for nominal lease payments and a bargain purchase option. The lease term is the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Boards of Education and Board of Trustees. The financing contract requires semi-annual sinking fund payments of \$716,951 beginning March 2011 with an interest rate of 5% and a maturity date of September 20, 2025. Under the QSCB agreement, the County's obligation is eligible up to a 100% credit against the interest paid. The principal is due in full on September 27, 2025.

The future minimum payments as of June 30, 2014, including \$12,367,418 of interest, are as follows:

	<b>Governmental Activities</b>	
	<b>Principal/Sinking Fund</b>	<b>Interest</b>
2015	1,433,902	1,075,428
2016	1,433,902	1,075,428
2017	1,433,902	1,075,428
2018	1,433,902	1,075,428
2019	1,433,902	1,075,428
2020-2024	7,169,510	5,377,140
2025-2026	2,150,876	1,613,138
<b>Total principal payments</b>	<b>\$ 16,489,896</b>	
<b>Total interest payments</b>		<b>\$ 12,367,418</b>

2. As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on May 4, 2011 for the purpose of providing funds up to \$6,300,000 for the renovations to an elementary school and renovations to a high school. The County's obligation under the contract will be designated as "Qualified School Construction Bonds (QSCBs)" pursuant to the federal QSCB program. This agreement is an amendment to the QSCB financing from September 27, 2010. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

the County as long as the debt is outstanding. The County entered into a lease with the Board of Education that transfers the rights and responsibilities for the maintenance and insurance of the property to the Board of Education. The lease calls for nominal lease payments and a bargain purchase option. The lease term is the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education. The financing contract requires semi-annual sinking fund payments of \$210,000 beginning September 2011 with an interest rate of 5.52% and a maturity date of March 27, 2026. Under the QSCB agreement, the County's obligation is eligible up to a 100% credit against the interest paid.

The future minimum payments as of June 30, 2014, including \$4,173,120 of interest are:

	<b>Governmental Activities</b>	
	<b>Principal/Sinking Fund</b>	<b>Interest</b>
2015	420,000	347,760
2016	420,000	347,760
2017	420,000	347,760
2018	420,000	347,760
2019	420,000	347,760
2020-2024	2,100,000	1,738,800
2025-2026	840,000	695,520
Total principal payments	<u>\$ 5,040,000</u>	
Total interest payments		<u>\$ 4,173,120</u>

**Build America Bonds**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on September 27, 2010 for the purpose of providing funds up to \$8,691,447 for the construction of a new middle school, renovations to a middle school, renovations to a high school, and renovations of a community college. The County's obligation under the contract will be designated as "Build America Bonds (BABs)" pursuant to the federal BAB program. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County entered into a lease with the Boards of Education and Board of Trustees that transfers the rights and responsibilities for the maintenance and insurance of the property to the Boards of Education and Board of Trustees. The lease calls for nominal lease payments and a bargain purchase option. The lease term is the same as that of the installment purchase agreement. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Boards of Education and Board of Trustees. The financing contract requires semi-annual principal and interest payments beginning March 2011 with an interest rate of 4.9% and a maturity date of September 27, 2025. Under the BAB agreement, the County's obligation is eligible up to a 35% credit against the interest paid.

The future minimum payments as of June 30, 2014, including \$1,959,052 of interest are:

	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	579,430	319,410
2016	579,430	291,019
2017	579,430	262,627
2018	579,430	234,235
2019	579,430	205,842
2020-2024	2,897,149	603,331

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

2025-2026	<u>869,144</u>	<u>42,588</u>
Total principal payments	<u>\$ 6,663,443</u>	
Total interest payments		<u>\$ 1,959,052</u>

**Certificates of Participation**

1. In August 2004, the County issued \$35,705,000 of Certificates of Participation to finance the constructing and equipping of a new high school, a new middle school and equipping of a learning resource center at the local community college. The financing contract requires principal payments beginning June 2005 with interest rates ranging from 2.0 – 5.25% with a maturity date of June 1, 2024.

On November 22, 2011, the County refunded \$16,205,000 of the outstanding principal. On March 4, 2014, the County refunded the remaining \$1,805,000 of outstanding principal.

2. In May 2005, the County issued \$19,550,000 of Certificates of Participation to finance the constructing, equipping, renovating and improving certain governmental and public school facilities. The financing contract requires principal payments beginning June 2006 with interest rates ranging from 3.0 – 5.0% with a maturity date of June 1, 2025.

On December 12, 2012 the County refunded \$9,750,000 of the outstanding principal. On March 4, 2014, the County refunded the remaining \$1,950,000 of outstanding principle from its own funds.

3. On December 12, 2012, the County issued \$10,965,000 Certificates of Participation, Series 2012 to advance refund \$9,750,000 of Certificates of Participation, Series 2005.

As a result, the refunded obligations are considered defeased and the liability has been removed from the government columns of the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$1,128,232. This amount is netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years and resulted in an economic gain of \$956,495.

The future minimum payments as of June 30, 2014, including \$1,384,864 of interest are as follows:

	<b>Governmental Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	180,000	223,184
2016	1,160,000	219,440
2017	1,145,000	195,312
2018	1,130,000	171,496
2019	1,100,000	147,992
2020-2024	5,085,000	408,096
2025	930,000	19,344
Total principal payments	<u>\$ 10,730,000</u>	
Total interest payments		<u>\$ 1,384,864</u>

**North Carolina Department of Commerce Loan**

On April 22, 2013, the County entered into an agreement with the North Carolina Department of Commerce for a Community Development Block Grant (12-L-2401) to provide funds for an industrial site development project. The funds are provided under Title I of the Housing and Community Development Act of 1974, as amended (P.L. 93-383). The County is obligated to repay these funds over a seven year period. The financing contract requires interest payments for the first two years beginning July 2014 at an interest rate of 2% and a maturity date of July 1, 2020.

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

The future minimum payments as of June 30, 2014, including \$262,060 of interest are as follows:

	<b>Governmental Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	-	52,000
2016	-	52,000
2017	499,612	52,000
2018	509,604	42,008
2019	519,796	31,816
2020-2021	1,070,988	32,236
Total principal payments	<u>\$ 2,600,000</u>	
Total interest payments		<u>\$ 262,060</u>

**General Obligation Indebtedness**

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due, from property tax revenues.

The County's general obligation bonds payable at June 30, 2014 are comprised of the following individual issues:

Serviced by the County's General Fund:

<b>\$16,035,000 2005 School Facility and Community</b>		
<b>College Refunding Bonds due in varying annual</b>		
<b>installments from \$760,000 - \$2,240,000 through June 1,</b>	<b>Schools</b>	<b>729,904</b>
<b>2015: interest at 3.0 - 3.75%</b>	<b>Community College</b>	<b>30,096</b>
<b>Total</b>		<b><u>\$ 760,000</u></b>

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

	<b>Governmental Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	<u>760,000</u>	<u>28,500</u>
Total	<u>\$ 760,000</u>	<u>\$ 28,500</u>

At June 30, 2014, Catawba County had a legal debt margin of \$1,177,160,588.

**Limited Obligation Bonds**

**1. 2011 Limited Obligation Bonds**

On November 22, 2011, the County issued \$48,115,000 of current and advance refunding bonds to provide resources to refinance existing financial obligations of the County and pay related financing costs. Included in this refunding were:

**Governmental Activities**

Installment Purchase Contract dated September 15, 2003 (current)	4,620,000
Certificate of Participation, Series 2004, dated August 1, 2004 (advanced)	16,205,000
Installment Purchase Contract dated May 30, 2008 (current)	18,365,950
Installment Purchase Contract dated August 8, 2008 (current)	3,924,000

**Business-type Activities**

Installment Purchase Contract dated May 30, 2008 (current)	6,282,897
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**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

As a result, the refunded obligation are considered defeased and the liability has been removed from the government and business-type activities columns of the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$4,099,840. This amount is netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$4,854,562 and resulted in an economic gain of \$2,446,942.

The future minimum payments as of June 30, 2014, including \$10,870,075 of interest are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	1,990,011	1,471,168	289,989	214,382
2016	3,578,529	1,380,570	521,471	201,180
2017	3,547,981	1,248,863	517,019	181,987
2018	3,539,253	1,107,118	515,747	161,332
2019	3,530,525	965,723	514,475	140,727
2020-2024	14,593,417	2,874,279	2,126,584	418,846
2025-2028	4,988,120	439,810	726,879	64,090
Total principal payments	<u>\$ 35,767,836</u>		<u>\$ 5,212,164</u>	
Total interest payments		<u>\$ 9,487,531</u>		<u>\$ 1,382,544</u>

**2. 2014 Limited Obligation Bonds**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on March 4, 2014 to issue \$21,935,000 in Limited Obligation Bonds Series 2014A to refinance existing financial obligations of the County, and to provide funds for a Justice Center expansion.

Of this amount, \$1,810,000 was used to advance refund \$1,805,000 of Series 2004 Certificates of Participation. As a result, the refunded obligation is considered defeased and the liability removed from the government column of the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$5,000. This amount is netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding will be paid in full in fiscal year 2015.

The remaining \$20,125,000 of this issuance was used to finance the expansion of the County's Justice Center. The agreement requires seventeen annual principal payments that vary from \$1,180,000 to \$1,185,000 and interest payments at a rate that varies from 2% - 5%.

For Catawba County, the future minimum payments as of June 30, 2014, including \$8,371,669 of interest are:

	Governmental Activities	
	Principal	Interest
2015	2,990,000	873,744
2016	1,180,000	813,944
2017	1,185,000	790,344
2018	1,185,000	754,794
2019	1,185,000	713,244
2020-2024	5,925,000	2,827,618
2025-2029	5,925,000	1,420,981

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

2030-2031	<u>2,360,000</u>	<u>177,000</u>
Total principal payments	\$ <u>21,935,000</u>	
Total interest payments		\$ <u>8,371,669</u>

**Business-Type Activities**

**Federal Revolving Loan**

On November 10, 2010, the County entered into federal revolving loan agreement for the purpose of providing funds up to \$3,000,000 for a water project. The County promised to pay the State of North Carolina \$3,000,000 together with any additional amount disbursed under 15A NCAC 02M.0603 or 15A NCAC 01J.2201 with zero interest on the unpaid principal sum. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the unpaid principal and interest was immediately reduced by one half of the loan amount as "principal forgiveness." The loan will be repaid in 20 equal installments on May 1 until the principal is paid in full.

The future minimum payments as of June 30, 2014, including interest are:

	<b>Business-type Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	75,000	-
2016	75,000	-
2017	75,000	-
2018	75,000	-
2019	75,000	-
2020-2024	375,000	-
2025-2029	375,000	-
2030	75,000	-
Total principal payments	\$ <u>1,200,000</u>	
Total interest payments		\$ <u>-</u>

**Installment Purchase**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County entered into an installment financing agreement on May 21, 2013 for the purpose of providing funds up to \$8,000,000 for the construction of sewer lines and pump stations along Highway 150. This agreement requires twenty-four semi-annual principal and interest payments in varying amounts at an interest rate of 1.81%.

For Catawba County, the future minimum payments as of June 30, 2014, including \$827,329 of interest are:

	<b>Business-Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2015	613,789	133,888
2016	624,899	122,778
2017	636,210	111,468
2018	647,725	99,952
2019	659,449	88,228
2020-2024	3,480,665	257,722
2025	734,385	13,293
Total principal payments	\$ <u>7,397,122</u>	
Total interest payments		\$ <u>827,329</u>

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

**Advance Refundings**

As mentioned earlier, the County defeased Certificates of Participation (COPS) by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and liabilities for the defeased COPS are not included in the County's financial statements. On June 30, 2014, \$10,725,000 of 2005 COPS are considered defeased.

**Debt Related to Capital Activities**

Of the total Government Activities debt listed, only \$38,709,585 relates to assets the County holds title. Unexpended debt proceeds are \$17,957,395 for governmental activities and \$821,480 for business-type activities..

**Revenue Bonds**

**North Carolina Recreational Facilities**

On December 22, 1999, the County issued County of Catawba, North Carolina Recreational Facilities Lease Revenue Bonds (YMCA of Catawba Valley Project), Series 1999 totaling \$4,300,000 pursuant to an Indenture of Trust dated as of December 1, 1999 (the "Indenture") between the County of Catawba, North Carolina (the "County") and First Citizens Bank and Trust Company, as trustee (the "Trustee"),

and authorized by a bond order of the County adopted effective as of December 8, 1999. The proceeds received by the County from the sale of the Bonds were used by the County to acquire, pursuant to the Ground Lease dated as of December 1, 1999 (the "Ground Lease" between the Young Mens Christian Association of Catawba Valley, Inc. (the "Corporation") as Lessor and the County as Lessee, a long-term leasehold estate in (i) certain existing recreational facilities owned by the Corporation, and (ii), certain real property on which the Corporation constructed new recreational facilities owned by the Corporation ((i) and (ii) collectively, the "Property"), which Property the County simultaneously leased back to the Corporation pursuant to the Lease Agreement dated as of December 1, 1999 (the "Lease Agreement") between the County and the Corporation. The Corporation used the funds it received from the lease of the property to the County under the Ground Lease and from other sources for the purpose of refinancing certain existing indebtedness and financing the costs of acquiring, constructing, improving, and equipping certain new recreational facilities, which are located within the County.

The Bonds are limited obligations of the County. The Bonds and interest thereon and any redemption or purchase premiums with respect thereto do not now and shall never constitute an indebtedness or an obligation of the County, the State of North Carolina (the "State") or any political subdivision thereof, within the meaning of any constitutional limitation or statutory provision and does give rise to a charge against the general credit or taxing powers of any of them, but is payable solely from the revenues and income derived from the Lease Agreement, which revenues and income have been pledged and assigned to the Trustee to secure payment thereof, and from moneys available to be drawn by the Trustee under the Credit Facility. No owner of the Bonds shall have the right to compel the exercise of the taxing power of the County, the State or any political subdivision thereof to pay any principal installment or purchase price of, or redemption or purchase premium, if any, or interest on the Bonds.

Total NC Recreational Facilities Lease Revenue Bonds outstanding at June 30, 2014 were \$1.3 million.

**Catawba Valley Medical Center**

1. On August 12, 2009, the County issued County of Catawba, North Carolina Taxable Variable Rate Demand Hospital Revenue Bonds (Catawba Valley Medical Center Project) Series 2009 (the "Series 2009 Bonds") totaling \$25 million for the purpose of funding a construction project that will renovate and retrofit the current facilities while providing a utilities substructure that will allow for possible future expansion. At June 30, 2014, the variable rate was 12%. Payments of principal begin October 1, 2018 and continue through October 1, 2039. The bonds are secured by an irrevocable letter of credit with an initial term ending August 2015. The revenue bonds do not constitute a legal or equitable pledge,

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

charge, lien or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

Total 2009 Hospital Revenue Bonds outstanding at June 30, 2014 were \$25,000,000.

2. On December 6, 2010, the County approved issuance of County of Catawba, North Carolina Hospital Revenue Bonds (Catawba Valley Medical Center Project) Series 2010 ("the Series 2010 Bonds") through a commercial lender totaling \$22 million at an interest rate of 4.96% for the purpose of funding a construction project that will provide additional healthcare facilities and the acquisition and installation of health care equipment.

Total 2010 Hospital Revenue Bonds outstanding at June 30, 2014 were \$20,140,000.

3. On August 4, 2011, the County issued County of Catawba, North Carolina Refunding Revenue Bonds (Catawba Memorial Hospital Project) Series 2011 (the "Series 2011 Bonds") through a commercial lender totaling \$11,340,000 for the purpose of refunding the Series 1999 Hospital Revenue Bonds ("Series 1999 Bonds") which had previously refunded the Series 1992 bonds ("Series 1992 Bonds"). Losses totaling \$2,286,075 and \$62,800 were deferred on the refunding of the Series 1992 Bonds and the Series 1999 Bonds, respectively. These losses are being amortized over the life of the Series 2011 Bonds. The revenue bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

Total 2011 Hospital Refunding Bonds outstanding at June 30, 2014 were \$6,420,000.

**Catawba Valley Medical Center Capital Lease Obligation**

Catawba Valley Medical Center (the "Medical Center") leases certain medical equipment that requires monthly payments with title passing to the Medical Center at the end of the lease term. The assets held under this capital leasing arrangement and accumulated amortization are included in equipment within the total capital assets and accumulated depreciation reported by the Medical Center. At June 30, 2014, assets under capital leases had a cost of \$1,620,663 and accumulated amortization of \$1,376,428. During 2014, amortization expense related to the capital lease was approximately \$330,000.

The leases do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any County property or upon its income, receipts, or revenue.

The present value of minimum lease payments at June 30, 2014 was \$4,835,790.

**Long-Term Obligation Activity**

The following is a summary of changes in the County's general long-term obligations for the fiscal year ended June 30, 2014:

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Current</u> <u>Portion</u> <u>of Balance</u>
<b>Governmental activities</b>					
General obligation debt	\$ 3,325,000	\$ -	\$ (2,565,000)	\$ 760,000	\$ 760,000
Certificates of participation	16,465,000	-	(5,735,000)	10,730,000	180,000
Installment purchase	48,618,040	-	(3,925,910)	44,692,130	3,928,082
Qualified Zone Academy Bonds	450,000	-	(50,000)	400,000	50,000
Qualified School Const. Bond	23,383,798	-	(1,853,902)	21,529,896	1,853,902
Build America Bonds	7,242,872	-	(579,429)	6,663,443	579,430
Limited obligation bonds	37,770,939	21,935,000	(2,003,103)	57,702,836	4,980,011
Department of Commerce	2,600,000	-	-	2,600,000	-
Premium on long-term debt	5,195,017	2,200,965	(460,842)	6,935,140	-
Compensated absences	4,195,457	3,097,912	(2,864,492)	4,428,877	2,864,492
Net pension obligation	994,540	184,346	(62,925)	1,115,961	-
Net OPEB obligation	5,271,974	925,358	(260,847)	5,936,485	-
<b>Total governmental activities</b>	<u>\$ 155,512,637</u>	<u>\$ 28,343,581</u>	<u>\$ (20,361,450)</u>	<u>\$ 163,494,768</u>	<u>\$ 15,195,917</u>
<b>Business-type activities</b>					
<b>Solid-Waste Management</b>					
Accrued landfill closure and postclosure costs	\$ 10,006,541	\$ 175,000	\$ -	\$ 10,181,541	\$ 175,000
Compensated absences	116,261	71,089	(69,236)	118,114	69,236
Net OPEB obligation	156,202	22,588	-	178,790	-
<b>Total Solid Waste Management</b>	<u>\$ 10,279,004</u>	<u>\$ 268,677</u>	<u>\$ (69,236)</u>	<u>\$ 10,478,445</u>	<u>\$ 244,236</u>
<b>Water &amp; Sewer</b>					
Installment purchase	\$ 8,000,000	\$ -	\$ (602,878)	\$ 7,397,122	\$ 613,789
Limited obligation bonds	5,504,061	-	(291,897)	5,212,164	289,989
Federal Revolving Loan	1,275,000	-	(75,000)	1,200,000	75,000
Premium on long-term debt	203,719	-	(14,131)	189,588	-
Compensated absences	21,075	9,722	(8,576)	22,221	8,576
Net OPEB obligation	4,264	837	-	5,101	-
<b>Total Water &amp; Sewer</b>	<u>\$ 15,008,119</u>	<u>\$ 10,559</u>	<u>\$ (992,482)</u>	<u>\$ 14,026,196</u>	<u>\$ 987,354</u>
<b>Total business-type activities</b>	<u>\$ 25,287,123</u>	<u>\$ 279,236</u>	<u>\$ (1,061,718)</u>	<u>\$ 24,504,641</u>	<u>\$ 1,231,590</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a last in first out (LIFO) basis, assuming that employees are taking leave time as it is earned. The current portion of compensated absences is estimated at \$2,864,492 for governmental activities and \$77,812 for business-type activities. Net pension and other post employment benefits are typically liquidated in the general fund.

**Conduit Debt Obligations**

Catawba County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, according to information furnished by the Economic Development Commission,

**CATAWBA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

**NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)**

there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$4.7 million.

**Other Commitments**

In May 2005, an area municipality and tourism development authority (TDA) entered into an agreement to increase the size of the Hickory Metro Convention Center. The municipality is obligated for the financing costs associated with this expansion. The County has a financial commitment of \$1.2 million over fifteen years to the area municipality as a share of the debt obligation. The TDA will repay the County annually for the \$1.2 million obligation from revenues generated by the facility.

**C. Interfund Balances and Activity**

**Transfers to/from other funds at June 30, 2014, consists of the following:**

**General Fund**

From the General fund to the Emergency Telephone System fund to supplement other funding sources	18,766
From the General fund to the Citizens' Alert System to supplement other funding sources for the citizens' alert system	6,582
From the General fund to the General Capital Projects fund for new construction and various capital improvement projects	1,727,777
From the General fund to School Construction fund for the construction of new school facilities	1,043,303
From the General fund to Water & Sewer Construction fund for the construction of waterlines to supply adequate water to various County locations	1,600,000
From the General fund to the Solid Waste fund to supplement other funding sources	1,565
Subtotal General Fund	<u>4,397,993</u>

**Other Governmental Funds**

From the Parks/Historic Preservation fund to General Capital Projects fund to supplement funds to secure the historic Bunker Hill Covered bridge	26,130
From the School Capital Projects fund to the General Fund to supplement funds for debt service	50,000
From the closed School Bond 1997 fund to the School Capital Projects fund to supplement funds for various school renovations	69,507
Subtotal Other Governmental Funds	<u>145,637</u>
Total transfers to other funds	<u>\$ 4,543,630</u>

**D. Fund Balance**

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

<b>Total fund balance - General Fund</b>	<b>\$ 50,563,312</b>
Less:	
Inventories	327,147
Prepaid	164,242
Stabilization by State Statute	14,650,010
Fund Balance Available	35,421,913

## CATAWBA COUNTY, NORTH CAROLINA

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014

### NOTE 3. DETAIL NOTES ON ALL FUNDS (continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
Encumbrances	\$ 1,122,940	\$ 25,791,403	\$ 173,252	\$ 4,541,396

### NOTE 4. RELATED ORGANIZATION

The County's governing board is also responsible for appointing five members of the nine-member board of the Economic Development Corporation (EDC), but the County's accountability for this organization does not extend beyond making these appointments. The EDC is a nonprofit organization that exists for the purpose of recruitment, retention and expansion of established manufacturing and non-manufacturing businesses for economic development purposes. Its primary revenues are allocations from Catawba County and various municipalities within the County. The County is not responsible for the debt issued by the EDC and the EDC's debt is not included in determining the County's legal debt limit.

### NOTE 5. JOINT VENTURES

The County, in conjunction with the State of North Carolina and the Catawba County, Newton-Conover and Hickory Boards of Education, participate in a joint venture to operate the Catawba Valley Community College. The State of North Carolina, Catawba County, and the Boards of Education each appoint four members of the thirteen-member board of trustees of the community college. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County has periodically issued general obligation bonds and installment purchase obligations to provide financing for new and restructured facilities. General obligation debt of \$30,096 and installment purchase obligations of \$8,446,868 are outstanding at June 30, 2014. The County made debt service payments of \$119,060 during the fiscal year on general obligation bonds and debt service payments of \$1,293,285 on capital related installment purchase obligations. The County has an ongoing financial responsibility for the Community College because of statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,800,000 and \$2,962,887 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. The participating entities do not have any equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements at June 30, 2014. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 2550 Highway 70 SE, Hickory NC, 28602.

The County, in conjunction with three other counties, participates in the Lake Norman Marine Commission (the "Commission"), that was created by the North Carolina General Assembly in 1969. Board members are appointed by the four counties (Catawba, Iredell, Lincoln, and Mecklenburg) that fall within the jurisdiction of the Commission. At any given time and on a rotating basis, one of the Counties has two Board appointees and the other three have one Board appointee. Cash contributions in equal amounts from the participating counties comprise the majority of the Commission's revenues. Catawba County contributed \$23,500 to the Lake Norman Marine Commission for operating expenses during the fiscal year ended June 30, 2014. Complete financial statements for the Commission can be obtained from the Lake Norman Marine Commission, PO Box 2454, Cornelius, NC 28031.

The County, in conjunction with Burke County, participates in the operation of the Burke-Catawba Regional Jail Agency (the "Agency"), a regional jail facility. The Agency, established under North Carolina

**CATAWBA COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE 5. JOINT VENTURES (continued)**

General Statute 153A-210, was created for that purpose. On dissolution of the corporation, the net assets of the Agency will be shared by the two counties, according to their allocation. The Agency is governed by a four-member board composed of two appointees from each county. The counties are each obligated by contract to remit amounts required annually to supplement the Agency's operating revenues and are entitled to an allocated share of the Agency's annual operating income, if any. The County's net investment and its share of the operating results of the Agency are reported in the County's Statement of Net Assets. The County's equity interest in the Agency was estimated at \$1,619,741 at June 30, 2014. Complete financial statements for the Agency can be obtained from the Agency's administrative offices at 150 Government Drive, Morganton NC 28655.

**NOTE 6. JOINTLY GOVERNED ORGANIZATION**

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$41,984 to the Council during the fiscal year ended June 30, 2014.

**NOTE 7. BENEFIT PAYMENTS ISSUED BY THE STATE**

Certain amounts were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the basic financial statements, because it does not represent revenues and expenditures of the County.

**NOTE 8. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Federal and State Assisted Programs**

The County has received proceeds from various Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Based upon prior experience, management believes such disallowances, if any, will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**NOTE 9. CHANGE IN ACCOUNTING ESTIMATE/RESTATEMENT**

**Change in Accounting Estimate**

Management of Catawba County realized, during the annual assessment of closure/postclosure liability, that the postclosure estimate is being overstated. The postclosure care cost will only be paid on an annual basis for 30 years after the date that the landfill stops accepting waste. The estimate is currently being calculated on the total 30-year cost estimate rather than the annual amount. To more accurately reflect the timing of the postclosure care cost, management decided to change the liability estimate for postclosure care to the annual cost.

**Restatement**

During the fiscal year ended June 30, 2014, the County determined that certain public school capital funds should not have been accrued in the School Construction Fund. These funds have been and will be received subsequently in another school capital fund. Therefore, an adjustment to beginning fund balance has been recorded for that accrual in the amount of \$(1,770,215).

## **Required Supplemental Financial Data**

This section contains additional information required by generally accepted accounting principles.

*Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.*

*Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.*

*Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.*

*Schedule of Funding Progress for the Health Care Benefit – Pay As You Go.*

*Schedule of Employer Contributions for the Health Care Benefit – Pay As You Go.*

*Notes to the Required Schedules for the Health Care Benefit – Pay As You Go.*

*Please note:* The Schedule of Funding Progress for Catawba Valley Medical Center can be found in the separately issued financial statements for the Medical Center, available from the Medical Center Finance office (see note 1.A. to the County statements for contact information.)

**CATAWBA COUNTY, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as % of Covered Payroll</b>
12/31/2008	0	1,118,461	1,118,461	0.00%	5,093,101	21.96%
12/31/2009	0	1,482,425	1,482,425	0.00%	5,311,352	27.91%
12/31/2010	0	1,299,009	1,299,009	0.00%	5,323,496	24.40%
12/31/2011	0	1,399,717	1,399,717	0.00%	5,263,322	26.59%
12/31/2012	0	1,639,585	1,639,585	0.00%	5,636,592	29.09%
12/31/2013	0	1,648,950	1,648,950	0.00%	5,856,739	28.15%

**CATAWBA COUNTY, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	124,340	87.91
2010	141,973	57.58
2011	188,321	31.72
2012	173,828	26.16
2013	188,405	23.58
2014	215,647	29.18

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay - closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**CATAWBA COUNTY, NORTH CAROLINA**  
**Other Post Employment Benefits (OPEB) - Pay As You Go**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as % of Covered Payroll</b>
12/31/2005	\$0	\$18,572,261	\$18,572,261	0.00%	\$38,665,996	48.00%
12/31/2007	\$0	\$9,826,953	\$9,826,953	0.00%	\$45,934,924	21.40%
12/31/2009	\$0	\$9,569,644	\$9,569,644	0.00%	\$46,608,375	20.50%
12/31/2011	\$0	\$9,245,855	\$9,245,855	0.00%	\$45,475,885	20.30%

**CATAWBA COUNTY, NORTH CAROLINA**  
**Other Post Employment Benefits (OPEB) - Pay As You Go**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	1,013,872	23.27
2010	1,013,872	21.06
2011	962,206	24.10
2012	962,206	25.62
2013	940,323	26.49
2014	940,323	27.74

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay - open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.50 - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%



## **Financial Statements of Individual Funds**

## **General Fund**

To account for resources traditionally associated with governments that are not required legally or by sound financial management to be accounted for in another fund. Revenues and expenditures of the *Self-Insurance Fund*, and the *Register of Deeds Fund* are integrated with the *General Fund* for reporting purposes.

### *Reappraisal Fund –*

The County maintains this fund as required by the General Statutes of North Carolina for financing the cost of the next reappraisal of real property in the County. A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes.

### *General Capital Reserve Fund –*

To account for the accumulation of funds for the financing and construction of schools, general and hospital capital projects. A legally budgeted General Capital Reserve Fund is consolidated into the General Fund for reporting purposes.

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
<b>REVENUES</b>				
<b>Ad Valorem Taxes</b>				
Current year	\$ 83,721,007	\$ 85,800,419		
Prior year	986,500	1,756,805		
Penalties and interest	350,000	882,389		
Tax leased vehicles and equipment	60,410	116,506		
Total ad valorem taxes	<u>85,117,917</u>	<u>88,556,119</u>	<u>3,438,202</u>	<u>83,500,533</u>
<b>Other Taxes</b>				
<b>Local Option Sales Taxes</b>				
Article 39 - one percent	10,969,488	11,783,154		
Article 40 - one half of one percent	5,152,210	5,467,716		
Article 40 - food	724,309	825,007		
Article 42 - one half of one percent	2,255,006	2,389,293		
Article 42 - food	285,386	349,288		
Article 46 - one quarter of one percent	410,147	425,807		
Subtotal local option sales taxes	<u>19,796,546</u>	<u>21,240,265</u>	<u>1,443,719</u>	<u>20,129,099</u>
<b>Other Taxes and Licenses</b>				
Real estate excise stamps	400,000	415,098		
ABC 5 cents per bottle	45,000	52,793		
Privilege licenses	22,500	19,562		
Subtotal other taxes and licenses	<u>467,500</u>	<u>487,453</u>	<u>19,953</u>	<u>556,805</u>
Total other taxes	<u>20,264,046</u>	<u>21,727,718</u>	<u>1,463,672</u>	<u>20,685,904</u>
<b>Unrestricted Intergovernmental Revenues</b>				
Beer & Wine Tax	350,000	369,182		
Video Programming fees	628,000	638,010		
Catawba County ABC profit distribution	863,000	895,000		
Total unrestricted intergovernmental revenues	<u>1,841,000</u>	<u>1,902,192</u>	<u>61,192</u>	<u>1,887,066</u>
<b>Restricted Intergovernmental Revenues</b>				
<b>State of North Carolina</b>				
<b>Social Services</b>				
Office Juvenile Justice Corner house	152,636	150,311		
Children's trust grant	100,000	94,036		
Smart Start	1,499,759	1,483,738		
Share the warmth grant	6,000	7,633		
Child boarding home funds	528,500	464,504		
Special permanency planning	42,516	99,444		
Community alternatives state in-home	40,116	35,837		
Medicaid expansion	31,742	31,975		
S/C special assistance	-	4,276		
CWS in home funds	-	85,102		
Foster care visitation	-	16,354		
Child boarding home funds therapeutic	2,500	2,492		
Adult day care	140,500	140,114		
Adult services	32,925	82,465		
Child Protective Services	212,717	207,265		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
<b>Public Health</b>				
Smart Start	148,035	148,035		
Medicaid PMH incentives	87,689	-		
School nurse initiative	200,000	200,000		
Health partners grant	64,217	40,962		
Immunization program	34,122	34,122		
Communicable diseases	8,197	8,197		
Communicable diseases -aid to counties	12,500	12,500		
Eat smart, move more	-	8,338		
Child health	88,656	88,656		
Child fatality prevention	1,282	1,365		
Health aid to counties	186,705	143,818		
Maternal health	115,982	112,834		
Health promotion	17,068	-		
Breast cancer grant	53,451	52,113		
Tuberculosis grant	24,926	24,926		
<b>Other</b>				
Veterans service	1,452	1,452		
Controlled substance tax	25,000	22,823		
Public school building capital lottery funds	1,500,000	1,482,720		
North Carolina department of natural resources	59,415	14,379		
Nourishing North Carolina communities	3,000	3,100		
Juvenile Justice & Delinquency Prevention				
Project challenge	63,794	63,794		
Catawba parenting network	29,864	29,864		
Juvenile crime prevention planning	13,500	13,500		
Juvenile crime Alexander youth	23,500	23,500		
Peace pipeline conflict resolution	53,794	53,794		
North Carolina agriculture cost share	26,875	18,200		
Court facility fees	135,000	135,726		
District court fees	55,000	60,188		
State Aid - Library	134,790	143,350		
Safe roads act	12,000	10,363		
Library services and technology grant	-	12,085		
Library summer reading grant	500	235		
Soil and water conservation grant	3,600	3,600		
Subtotal state revenue	<u>5,973,825</u>	<u>5,874,085</u>	<u>(99,740)</u>	<u>5,708,127</u>
<b>Federal</b>				
<b>Social Services</b>				
Energy assistance administration	120,722	105,612		
PACE grant	-	3,911		
Medical transportation administration	1,205,571	1,164,967		
Low income energy assistance program	398,966	314,536		
Social security block grant federal guardianship	103,000	96,308		
Social Security payments	103,000	105,230		
Nutrition grant 5310	250,000	161,601		
US Department of Agriculture supplemental funds	3,080	4,970		
Supplemental meals	11,906	11,455		
Chore Level II	152,461	4,458		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Chore Level III	141,538	262,557		
In-home aid on site Social Security block grant	7,300	4,247		
IV-D administration	1,267,150	969,544		
IV-E board	238,000	290,483		
IV-E administration	1,120,682	1,024,984		
Independent living administration	44,540	50,233		
Links-independent living trust fund	60,000	8,163		
In-home case management Social Security block grant	29,000	21,727		
Case management at risk	335,812	431,467		
Work First block grant	2,298,741	2,088,512		
Food stamp fraud administration	68,936	80,521		
Food stamp administration	1,061,133	1,034,028		
Medicaid administration	1,517,180	1,702,131		
Adult day health	23,265	13,678		
IV-A Child care	218,478	227,397		
Title III Nutrition	121,405	152,788		
US Department of Agriculture nutrition	22,872	21,779		
US Department of Agriculture home delivered meals	33,826	38,778		
Home delivered meals	176,532	176,555		
Community assistance home delivered meals	12,050	11,975		
Community services block grant	216,627	206,421		
Crisis intervention	903,217	529,210		
Intensive family preservation restore families	73,006	35,187		
<b>Public Health</b>				
Bioterrorism grants	57,121	40,965		
Title X	89,662	115,289		
<b>Other</b>				
Hazardous Mitigation Funds	75,000	67,500		
Federal inmate transport	9,000	11,655		
Justice Assistance Grant	17,421	-		
State criminal alien assistance program	20,082	20,082		
Homeland security exercise grant	20,000	22,500		
Emergency management planning grant	20,000	29,692		
Subtotal federal revenue	<u>12,648,282</u>	<u>11,663,096</u>	<u>(985,186)</u>	<u>11,754,866</u>
<b>State of North Carolina and Federal</b>				
<b>Social Services</b>				
Social Services block grant	617,117	434,819		
Temporary assistance for needy families social security block grant	55,483	56,661		
Aid to families with dependent children	500	173		
Child day care purchase of care	5,544,931	5,190,674		
Aid to families with dependent children-foster care	925,000	1,000,989		
IV-E foster care therapeutic	10,000	20,629		
Temporary assistance for needy families foster care	-	100,854		
Adoption assistance non-recurring	15,000	42,479		
Adoption assistance medical	10,000	2,120		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Special children adoption fund	50,000	216,000		
IV-E/Child protective services	346,485	322,982		
High risk intervention	516,173	312,440		
Title III Adult day care	91,037	94,211		
IV-D Aid to families with dependent children	23,000	30,241		
IV-D Incentives	302,156	234,699		
Medicaid waiver-case management	376,213	381,642		
Community alternative program medical equipment and supplies	15,000	17,828		
State adult specialist fund	47,552	44,384		
North Carolina Health Choice	99,918	112,888		
<b>Public Health</b>				
Medicaid per member per month	762,973	751,850		
Women Infants Children funds	862,187	804,664		
<b>Other</b>				
IV-D Civil papers	86,078	90,120		
Federal emergency management funds	-	3,503		
Medicaid-emergency medical services transports	500,000	558,609		
Subtotal state and federal revenue	<u>11,256,803</u>	<u>10,825,459</u>	<u>(431,344)</u>	<u>11,113,745</u>
<b>Fines &amp; Forfeitures</b>	<u>855,470</u>	<u>494,298</u>	<u>(361,172)</u>	<u>499,006</u>
<b>Other grants</b>				
<b>Social Services</b>				
Contract services	117,600	34,487		
Training services	10,000	10,500		
United Way	-	6,039		
Icare tours	-	1,343		
Community corrections contractual	266,339	252,747		
Confidential intermediary	800	4,675		
Adult day care - local	7,550	8,347		
Duke Endowment grant	750,000	479,700		
Other state revenue local managing entity	12,000	21,662		
Comprehensive treatment services program local managing entity	113,875	73,438		
Medicaid direct billing	1,850,472	1,198,538		
Medicaid community support	102,460	-		
Mental health maintenance of effort	30,000	26,711		
Catawba Valley Medical Center	79,150	57,855		
Hickory Public Schools	89,000	140,173		
<b>Public Health</b>				
Catawba Valley Medical Center	534,717	529,405		
Catawba County Schools	201,233	201,177		
Newton-Conover City Schools	68,552	65,010		
Hickory Public Schools	48,942	27,404		
<b>Municipalities</b>				
City Of Newton	28,275	19,445		
Town Of Maiden	4,725	4,910		
City Of Conover	46,025	55,171		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
City Of Hickory	21,365	31,722		
City Of Claremont	22,629	23,399		
Town of Catawba	-	520		
Town Of Longview	1,000	984		
Other				
ABC law enforcement	10,000	-		
Sex crimes investigation	52,568	75,124		
Transport mental health patients	6,000	-		
Lifeskills rent	75,744	75,744		
Social services local funds	18,910	-		
Lawn and mowing services	2,226	3,240		
Hospice	50,000	82,656		
Supervisor training	-	7,280		
Voice over internet protocol revenue	186,031	193,743		
Tourism development authority	115,000	115,000		
Western Piedmont COG technology services	22,980	22,980		
Catawba Valley Behavioral Healthcare technical support	36,758	27,720		
Catawba Valley Community College - deputy reimbursement	167,409	169,550		
Catawba County Schools-deputy reimbursement	478,512	478,513		
Personnel indirect cost	1,279,297	1,279,297		
Subtotal other grants	<u>6,908,144</u>	<u>5,806,209</u>	<u>(1,101,935)</u>	<u>6,107,079</u>
Total restricted intergovernmental revenues	<u>37,642,524</u>	<u>34,663,147</u>	<u>(2,979,377)</u>	<u>35,182,823</u>
<b>Licenses, Permits and Fees</b>				
Marriage licenses	22,500	24,979		
Recording of legal instruments	525,000	485,658		
Uniform commercial code filing	8,800	8,221		
Gun permits	20,000	15,500		
Surrendered weapon storage fee	800	870		
Noise amplification permit	100	95		
Involuntary commitment fee	300	-		
Concealed weapon fees	59,000	101,140		
Public fingerprint fees	9,500	11,900		
Precious metals dealer fees	200	383		
Vehicle storage fees	400	1,165		
Building permits	820,000	1,099,708		
Building services after hours inspections	1,575	2,730		
Minor sub-division plat review	3,250	2,535		
Floodplain development	100	100		
Plan review fees	10,900	23,544		
Storm water and erosion control	20,000	19,473		
Plat review fees	1,676	2,473		
Performance guarantees	180	150		
Telecommunications tower fees	47,000	8,500		
Zoning permits	10,250	12,525		
Accessory permit fees	3,325	450		
Sign permits	750	650		
Homeowners recovery fund	225	403		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Park fees and permits	6,000	6,715		
Environmental health fees	260,616	265,982		
Election filing fees	-	7,679		
Fire inspection fees	7,500	10,946		
Animal control fines and citations	5,000	1,151		
Immunizations	15,000	14,535		
Training fees	1,500	575		
Total licenses, permits, fees	<u>1,861,447</u>	<u>2,130,735</u>	<u>269,288</u>	<u>2,331,347</u>
<b>Sales and Services</b>				
Social Services				
Patient fees	8,200	12,165		
Insurance reimbursements	264,769	160,113		
State in-home fees	25	100		
IV-D application fees	18,500	18,861		
Level II and III chore fees	525	425		
Title III adult day care fees	500	10		
Trust account fees	6,250	5,789		
Adoption fees	5,350	5,247		
North Carolina health choice premiums	47,500	44,000		
IV-D blood test fees	900	875		
Access care	22,144	22,140		
Local support general assistance	10,000	11,772		
Public Health				
Bank card processing fees	-	29		
Patient fees	123,000	86,979		
Home health/third party reimbursements	3,136,387	3,195,687		
Pregnancy fees	-	20		
Clinic fees	210,000	119,062		
Child health fees	-	24		
Adult health fees	8,000	8,884		
Obstetrics services	-	3,484		
Lab fees	-	173		
Child seats copay	700	980		
Medicaid earned maternal health	-	31,224		
Medicaid escrow maternal health	-	162,073		
Medicaid earned child health	20,464	4,680		
Medicaid escrow child health	304,453	25,606		
Medicaid earned dental	488,187	406,228		
Medicaid escrow dental	18,883	32,991		
Medicaid earned adult health	50,000	46,948		
Medicaid escrow adult health	85,728	46,706		
Medicaid earned women's preventative health	280,000	145,699		
Medicaid escrow women's preventative health	170,536	-		
Medicaid escrow immunization	-	17,764		
Medicaid long term methods	3,000	2,963		
Social services/public health contract services	11,000	14,607		
Municipalities				
Tax billing/collection	183,490	180,691		
Data processing	500	7,200		
Election fees	122,500	112,411		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Animal shelter	198,296	198,296		
Fire inspections	30,375	30,375		
Other				
Tax fees and charges	110,800	42,737		
Sale of maps and publications	2,900	6,686		
Advertising fees for renaming streets	450	-		
Check processing fees	4,000	3,867		
Transport fees district confinement facility	51,244	8,541		
Garage services	7,000	2,407		
Sheriff service of process	320,000	328,758		
Project lifesavers	4,200	3,630		
Inmate services	28,000	31,176		
Ambulance services	5,064,000	5,623,670		
Animal services	67,000	65,165		
Planning department ordinance	50	-		
Zoning amendments	2,160	3,600		
Board of adjustment charges	1,700	1,063		
Clinic fees	8,000	8,508		
Library rental fees	37,000	36,418		
Copy and print charges	30,700	33,869		
Total sales and services	<u>11,569,366</u>	<u>11,363,376</u>	<u>(205,990)</u>	<u>11,518,226</u>
<b>Investment Earnings</b>				
Interest On Investments	<u>501,000</u>	<u>540,922</u>	<u>39,922</u>	<u>(103,867)</u>
<b>Miscellaneous</b>				
Social Services				
Restitution funds				
Fraud services	35,350	69,452		
Nutrition meals project income	50,010	43,913		
Donations	65,000	119,762		
Miscellaneous	2,448	33		
Public Health				
Kids in Need	46,600	46,742		
Cardio pulmonary resuscitation training	5,260	2,903		
Distracted driving grant	2,500	2,500		
Susan G. Komen grant	60,000	25,000		
Miscellaneous	22,829	9,851		
Other				
Badge revenue	150	100		
Register of deeds automation	82,100	-		
Rents & Royalties	109,599	100,991		
Cell tower lease payments	22,138	22,193		
Cable lease payment	1,294	1,294		
Park souvenir sales	300	-		
Concessions	50,000	61,093		
Video visitation	10,000	3,860		
Commissary	50,000	58,194		
Sale of surplus properties	-	26,167		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Insurance settlements	153,931	206,487		
Drug reimbursement	1,000	707		
Excise tax administrative cost	8,000	8,302		
Donations	6,300	16,374		
Emergency management/Duke Power grant	57,830	-		
Hazmat revenue	16,000	11,402		
Short term disability premiums	-	74,878		
Group health and dental premiums	1,842,440	1,581,231		
Miscellaneous revenue	216,320	393,356		
Total miscellaneous	<u>2,917,399</u>	<u>2,886,785</u>	<u>(30,614)</u>	<u>2,772,504</u>
 Total revenues	 <u>161,714,699</u>	 <u>163,770,994</u>	 <u>2,056,295</u>	 <u>157,774,536</u>
 <b>EXPENDITURES</b>				
<b>General Government</b>				
<b>Board of Commissioners</b>				
Salaries & employee benefits	11,180	11,180		
Other operating	148,050	112,284		
	<u>159,230</u>	<u>123,464</u>	<u>35,766</u>	<u>122,236</u>
 <b>Administration</b>				
County Manager				
Salaries & employee benefits	904,648	882,243		
Other operating	77,450	71,233		
Non-operating	54,260	-		
	<u>1,036,358</u>	<u>953,476</u>	<u>82,882</u>	<u>930,213</u>
 Legal Services				
Salaries & employee benefits	299,552	298,746		
Other operating	40,619	36,367		
	<u>340,171</u>	<u>335,113</u>	<u>5,058</u>	<u>318,436</u>
 Budget				
Salaries & employee benefits	245,187	233,696		
Other operating	17,894	9,221		
	<u>263,081</u>	<u>242,917</u>	<u>20,164</u>	<u>233,052</u>
 Total Administration	 <u>1,639,610</u>	 <u>1,531,506</u>	 <u>108,104</u>	 <u>1,481,701</u>
 <b>Tax Administration</b>				
Tax Assessor				
Salaries & employee benefits	798,952	782,353		
Other operating	206,461	186,428		
Non-operating tax refunds	15,000	80		
	<u>1,020,413</u>	<u>968,861</u>	<u>51,552</u>	<u>1,014,976</u>
 Tax Collector				
Salaries & employee benefits	445,939	439,213		
Other operating	388,889	270,750		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
	834,828	709,963	124,865	556,546
Total Tax Administration	1,855,241	1,678,824	176,417	1,571,522
<b>Board of Elections</b>				
Salaries & employee benefits	390,149	367,398		
Other operating	275,900	249,591		
	666,049	616,989	49,060	547,297
<b>Human Resources</b>				
Human Resources				
Salaries & employee benefits	544,287	542,660		
Other operating	138,114	132,379		
Non-operating	439,440	-		
	1,121,841	675,039	446,802	589,527
Wellness				
Other operating	226,750	220,211		
	226,750	220,211	6,539	179,432
Recruitment				
Salaries & employee benefits	65,724	65,326		
Other operating	24,850	11,143		
Non-operating	135,130	-		
	225,704	76,469	149,235	77,277
Risk Management				
Salaries & employee benefits	135,355	134,684		
Other operating	23,950	13,877		
	159,305	148,561	10,744	149,958
Total Human Resources	1,733,600	1,120,280	613,320	996,194
<b>Register of Deeds</b>				
Salaries & employee benefits	513,296	485,176		
Other operating	330,988	271,954		
Capital outlay	15,840	15,840		
	860,124	772,970	87,154	699,288
<b>Finance</b>				
Administration				
Salaries & employee benefits	356,372	356,551		
Other operating	171,075	153,602		
	527,447	510,153	17,294	496,183
Accounting				
Salaries & employee benefits	459,838	439,571		
Other operating	430,850	403,011		
	890,688	842,582	48,106	833,335

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Purchasing				
Salaries & employee benefits	236,029	223,858		
Other operating	40,715	36,005		
	<u>276,744</u>	<u>259,863</u>	<u>16,881</u>	<u>238,305</u>
 Total Finance	 <u>1,694,879</u>	 <u>1,612,598</u>	 <u>82,281</u>	 <u>1,567,823</u>
 <b>Other General Government Programs</b>				
Government Agencies - Justice Center				
Other operating	10,500	4,428		
	<u>10,500</u>	<u>4,428</u>	<u>6,072</u>	<u>9,050</u>
 Other Government Costs				
Salaries & employee benefits	54,619	20,960		
Other operating	248,140	247,761		
	<u>302,759</u>	<u>268,721</u>	<u>34,038</u>	<u>255,372</u>
 Self Insurance				
Premiums	2,133,000	1,986,182		
Liability	1,004,500	836,169		
Workers Compensation	536,500	407,919		
Total Self Insurance	<u>3,674,000</u>	<u>3,230,270</u>	<u>443,730</u>	<u>2,719,408</u>
 Total Other General Government Programs	 <u>3,987,259</u>	 <u>3,503,419</u>	 <u>483,840</u>	 <u>2,983,830</u>
 Total General Government	 <u>12,595,992</u>	 <u>10,960,050</u>	 <u>1,635,942</u>	 <u>9,969,891</u>
 <b>Public Safety</b>				
<b>Sheriff</b>				
Administration and Law Enforcement				
Salaries & employee benefits	3,873,056	3,818,043		
Other operating	1,393,268	1,285,384		
Capital outlay	588,529	568,984		
	<u>5,854,853</u>	<u>5,672,411</u>	<u>182,442</u>	<u>4,934,523</u>
 Catawba Valley Community College - Resource Officers				
Salaries & employee benefits	162,797	161,292		
Other operating	3,000	3,000		
	<u>165,797</u>	<u>164,292</u>	<u>1,505</u>	<u>159,234</u>
 School Resource Officers				
Salaries & employee benefits	640,606	622,246		
Other operating	39,600	39,608		
	<u>680,206</u>	<u>661,854</u>	<u>18,352</u>	<u>645,745</u>
 Records				
Salaries & employee benefits	325,962	304,163		
Other operating	26,820	26,694		
	<u>352,782</u>	<u>330,857</u>	<u>21,925</u>	<u>381,725</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
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**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Mental Health Transport				
Salaries & employee benefits	6,883	121		
	<u>6,883</u>	<u>121</u>	<u>6,762</u>	<u>167</u>
Narcotics				
Salaries & employee benefits	444,995	438,890		
Other operating	73,890	65,681		
	<u>518,885</u>	<u>504,571</u>	<u>14,314</u>	<u>482,850</u>
Detectives				
Salaries & employee benefits	853,178	832,482		
Other operating	85,161	80,383		
	<u>938,339</u>	<u>912,865</u>	<u>25,474</u>	<u>889,417</u>
Lake Norman Water Patrol				
Salaries & employee benefits	299,354	292,189		
Other operating	23,850	22,744		
	<u>323,204</u>	<u>314,933</u>	<u>8,271</u>	<u>354,325</u>
Court Security				
Salaries & employee benefits	545,568	547,523		
Other operating	7,000	7,000		
	<u>552,568</u>	<u>554,523</u>	<u>(1,955)</u>	<u>528,783</u>
Newton Detention Center				
Salaries & employee benefits	3,402,885	3,321,102		
Other operating	926,424	819,850		
Capital outlay	92,280	75,920		
	<u>4,421,589</u>	<u>4,216,872</u>	<u>204,717</u>	<u>4,057,815</u>
Prisoner Food Services				
Other operating	394,600	390,548	4,052	383,543
District Confinement Facility				
Salaries & employee benefits	48,880	29,450		
Other operating	1,144,836	1,107,979		
	<u>1,193,716</u>	<u>1,137,429</u>	<u>56,287</u>	<u>1,179,246</u>
<b>Total Sheriff</b>	<u>15,403,422</u>	<u>14,861,276</u>	<u>542,146</u>	<u>13,997,373</u>
<b>Emergency Services</b>				
Emergency Services Administration				
Salaries & employee benefits	230,330	228,988		
Other operating	275,834	171,847		
	<u>506,164</u>	<u>400,835</u>	<u>105,329</u>	<u>367,660</u>
Veterans Services				
Salaries & employee benefits	81,796	77,973		
Other operating	7,950	7,761		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
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**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
	89,746	85,734	4,012	66,042
Fire Marshal				
Salaries & employee benefits	240,125	233,847		
Other operating	39,199	30,142		
	<u>279,324</u>	<u>263,989</u>	<u>15,335</u>	<u>311,756</u>
Emergency Medical Services				
Salaries & employee benefits	6,302,805	6,145,859		
Other operating	1,140,267	904,450		
Capital outlay	650,478	501,664		
	<u>8,093,550</u>	<u>7,551,973</u>	<u>541,577</u>	<u>7,535,734</u>
Animal Control				
Salaries & employee benefits	177,166	171,402		
Other operating	46,485	30,037		
	<u>223,651</u>	<u>201,439</u>	<u>22,212</u>	<u>195,089</u>
Animal Shelter				
Salaries & employee benefits	234,248	215,727		
Other operating	222,041	204,341		
	<u>456,289</u>	<u>420,068</u>	<u>36,221</u>	<u>343,452</u>
<b>Total Emergency Services</b>	<u>9,648,724</u>	<u>8,924,038</u>	<u>724,686</u>	<u>8,819,733</u>
Communication Center				
Salaries & employee benefits	1,453,428	1,415,651		
Other operating	251,400	237,200		
	<u>1,704,828</u>	<u>1,652,851</u>	<u>51,977</u>	<u>1,581,830</u>
Other Public Safety				
Other operating	182,502	171,460	11,042	163,268
<b>Total Public Safety</b>	<u>26,939,476</u>	<u>25,609,625</u>	<u>1,329,851</u>	<u>24,562,204</u>
<b>Environmental Protection</b>				
Cooperative Extension				
Salaries & employee benefits	74,136	32,028		
Other operating	250,378	210,430		
	<u>324,514</u>	<u>242,458</u>	<u>82,056</u>	<u>247,612</u>
Soil & Water Conservation				
Salaries & employee benefits	132,144	130,166		
Other operating	68,390	15,029		
	<u>200,534</u>	<u>145,195</u>	<u>55,339</u>	<u>172,736</u>
Forest Ranger				
Other operating	78,261	73,706	4,555	56,815
<b>Total Environmental Protection</b>	<u>603,309</u>	<u>461,359</u>	<u>141,950</u>	<u>477,163</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
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**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
<b>Economic and Physical Development</b>				
<b>Technology</b>				
Information Technology Center				
Salaries & employee benefits	1,732,989	1,687,332		
Other operating	1,319,954	1,388,418		
Capital outlay	170,000	-		
	<u>3,222,943</u>	<u>3,075,750</u>	<u>147,193</u>	<u>3,001,831</u>
Geospatial Information Services				
Salaries & employee benefits	279,815	294,714		
Other operating	82,725	64,119		
	<u>362,540</u>	<u>358,833</u>	<u>3,707</u>	<u>340,680</u>
Total Technology	<u>3,585,483</u>	<u>3,434,583</u>	<u>150,900</u>	<u>3,342,511</u>
<b>Economic Development and Planning</b>				
Planning & Zoning				
Salaries & employee benefits	415,812	406,180		
Other operating	87,930	65,784		
	<u>503,742</u>	<u>471,964</u>	<u>31,778</u>	<u>470,031</u>
County Parks				
Salaries & employee benefits	245,211	243,200		
Other operating	68,239	59,515		
	<u>313,450</u>	<u>302,715</u>	<u>10,735</u>	<u>298,643</u>
Other Economic and Physical Development				
Other operating	4,849,967	4,549,841	300,126	4,082,200
Total Economic Development and Planning	<u>5,667,159</u>	<u>5,324,520</u>	<u>342,639</u>	<u>4,850,874</u>
<b>Utilities &amp; Engineering</b>				
Utilities & Engineering Administration				
Salaries & employee benefits	154,874	154,818		
Other operating	24,218	20,470		
	<u>179,092</u>	<u>175,288</u>	<u>3,804</u>	<u>176,981</u>
Building Inspection				
Salaries & employee benefits	712,930	705,064		
Other operating	306,318	298,654		
Capital outlay	26,000	25,798		
	<u>1,045,248</u>	<u>1,029,516</u>	<u>15,732</u>	<u>1,003,096</u>
Permit Center				
Salaries & employee benefits	225,994	228,376		
Other operating	30,601	25,421		
	<u>256,595</u>	<u>253,797</u>	<u>2,798</u>	<u>283,104</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
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**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Plan Review				
Salaries & employee benefits	281,544	265,700		
Other operating	17,958	15,765		
	<u>299,502</u>	<u>281,465</u>	<u>18,037</u>	<u>301,205</u>
Storm water and Erosion Control				
Salaries & employee benefits	126,391	113,606		
Other operating	22,775	15,126		
	<u>149,166</u>	<u>128,732</u>	<u>20,434</u>	<u>85,009</u>
Total Utilities & Engineering	<u>1,929,603</u>	<u>1,868,798</u>	<u>60,805</u>	<u>1,849,395</u>
<b>Finance/Facilities Division</b>				
Construction Manager				
Salaries & employee benefits	75,639	68,458		
Other operating	4,000	5,296		
	<u>79,639</u>	<u>73,754</u>	<u>5,885</u>	<u>-</u>
Garage				
Salaries & employee benefits	225,077	232,537		
Other operating	304,270	241,438		
	<u>529,347</u>	<u>473,975</u>	<u>55,372</u>	<u>592,244</u>
General maintenance				
Salaries & employee benefits	547,914	537,787		
Other operating	394,349	357,083		
Capital outlay	28,000	28,000		
	<u>970,263</u>	<u>922,870</u>	<u>47,393</u>	<u>723,190</u>
General Buildings				
Other operating	502,955	426,183		
	<u>502,955</u>	<u>426,183</u>	<u>76,772</u>	<u>470,119</u>
Justice Buildings				
Other operating	835,532	685,281		
	<u>835,532</u>	<u>685,281</u>	<u>150,251</u>	<u>729,577</u>
Library Buildings				
Other operating	91,885	64,617		
	<u>91,885</u>	<u>64,617</u>	<u>27,268</u>	<u>52,342</u>
Leased Buildings				
Other operating	40,778	29,174		
	<u>40,778</u>	<u>29,174</u>	<u>11,604</u>	<u>36,361</u>
Social Services Buildings				
Other operating	68,765	63,520		
	<u>68,765</u>	<u>63,520</u>	<u>5,245</u>	<u>72,521</u>
Public Health Buildings				

**CATAWBA COUNTY, NORTH CAROLINA**  
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	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Other operating	44,235	38,131		
	<u>44,235</u>	<u>38,131</u>	6,104	<u>27,538</u>
Family Services Center				
Other operating	30,848	15,770		
	<u>30,848</u>	<u>15,770</u>	15,078	<u>9,716</u>
Street Signs				
Other operating	19,880	14,178		
	<u>19,880</u>	<u>14,178</u>	5,702	<u>22,837</u>
Total Finance/Facilities Division	<u>3,214,127</u>	<u>2,807,453</u>	406,674	<u>2,736,445</u>
Total Economic & Physical Development	<u>14,396,372</u>	<u>13,435,354</u>	961,018	<u>12,779,225</u>
<b>Human Services</b>				
Medical Examiner				
Other operating	90,000	88,500		
	<u>90,000</u>	<u>88,500</u>	1,500	<u>86,100</u>
<b>Mental Health Services</b>				
General Administration				
Catawba Valley Behavioral Healthcare	499,500	499,500		
Partners Behavioral Health Management	142,500	142,821		
	<u>642,000</u>	<u>642,321</u>	(321)	<u>757,037</u>
<b>Social Services Department</b>				
Administration				
Salaries & employee benefits	1,267,378	1,013,879		
Other operating	994,329	869,073		
Non-operating	3,143,886	-		
Capital outlay	15,000	-		
	<u>5,420,593</u>	<u>1,882,952</u>	3,537,641	<u>2,076,789</u>
Children and Family Services				
Salaries & employee benefits	1,896,008	1,589,082		
Other operating	427,496	374,671		
Social Services assistance	1,000	564		
	<u>2,324,504</u>	<u>1,964,317</u>	360,187	<u>2,014,643</u>
Department of Human Resources Teams				
Salaries & employee benefits	335,193	263,614		
Other operating	8,166	6,058		
Social Services assistance	1,400	924		
	<u>344,759</u>	<u>270,596</u>	74,163	<u>333,113</u>
Children's Day Care				
Salaries & employee benefits	360,183	310,725		
Other operating	4,777	2,777		
	<u>364,960</u>	<u>313,502</u>	51,458	<u>346,630</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
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	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Intensive Family Preservation				
Salaries & employee benefits	66,385	68,823		
Other operating	5,977	2,777		
Social Services assistance	644	250		
	<u>73,006</u>	<u>71,850</u>	<u>1,156</u>	<u>95,217</u>
Early Childhood Development				
Salaries & employee benefits	53,676	52,505		
Other operating	10,157	9,081		
	<u>63,833</u>	<u>61,586</u>	<u>2,247</u>	<u>60,849</u>
Prevention Management				
Salaries & employee benefits	113,623	110,351		
Other operating	1,348	1,283		
	<u>114,971</u>	<u>111,634</u>	<u>3,337</u>	<u>109,704</u>
American Recovery and Reinvestment Act - Project Moves				
Salaries & employee benefits	51,900	41,907		
Other operating	763	482		
Social Services assistance	15,000	15,000		
	<u>67,663</u>	<u>57,389</u>	<u>10,274</u>	<u>66,184</u>
Family Children Teams / Family Preservation				
Salaries & employee benefits	3,527,043	3,322,157		
Other operating	65,655	64,105		
Social Services assistance	67,000	10,373		
	<u>3,659,698</u>	<u>3,396,635</u>	<u>263,063</u>	<u>3,580,323</u>
Duke Endowment Family Children Project				
Salaries & employee benefits	710,411	629,224		
Other operating	73,650	57,016		
Social Services assistance	16,200	3,658		
	<u>800,261</u>	<u>689,898</u>	<u>110,363</u>	<u>702,858</u>
Teen Up				
Salaries & employee benefits	152,548	161,167		
Other operating	21,265	12,913		
Social Services assistance	46,414	40,230		
	<u>220,227</u>	<u>214,310</u>	<u>5,917</u>	<u>170,342</u>
Community Services Block Grant				
Salaries & employee benefits	201,056	179,291		
Other operating	7,500	12,533		
Social Services assistance	14,000	14,581		
	<u>222,556</u>	<u>206,405</u>	<u>16,151</u>	<u>220,532</u>
Therapeutic Foster Care				
Salaries & employee benefits	247,811	252,686		

**CATAWBA COUNTY, NORTH CAROLINA**  
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	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Other operating	22,777	7,238		
Social Services assistance	1,000	717		
	<u>271,588</u>	<u>260,641</u>	<u>10,947</u>	<u>252,924</u>
<b>Adoptions</b>				
Salaries & employee benefits	850,006	838,638		
Other operating	27,056	28,656		
Social Services assistance	3,500	3,450		
	<u>880,562</u>	<u>870,744</u>	<u>9,818</u>	<u>794,773</u>
<b>Child Advocacy</b>				
Salaries & employee benefits	283,006	296,310		
Other operating	64,281	33,949		
Social Services assistance	1,100	340		
	<u>348,387</u>	<u>330,599</u>	<u>17,788</u>	<u>313,293</u>
<b>FamilyNet Administration</b>				
Salaries & employee benefits	792,179	563,435		
Other operating	242,221	167,527		
Social Services assistance	10,000	2,624		
	<u>1,044,400</u>	<u>733,586</u>	<u>310,814</u>	<u>773,450</u>
<b>FamilyNet Community Support</b>				
Salaries & employee benefits	96,906	1,482		
Other operating	5,554	5,554		
	<u>102,460</u>	<u>7,036</u>	<u>95,424</u>	<u>50,015</u>
<b>FamilyNet Act</b>				
Salaries & employee benefits	552,964	451,514		
Other operating	26,800	4,070		
Social Services assistance	1,000	881		
	<u>580,764</u>	<u>456,465</u>	<u>124,299</u>	<u>530,079</u>
<b>FamilyNet In-home Services</b>				
Salaries & employee benefits	479,558	460,130		
Other operating	14,777	13,236		
	<u>494,335</u>	<u>473,366</u>	<u>20,969</u>	<u>482,540</u>
<b>FamilyNet Adolescent Services</b>				
Salaries & employee benefits	515,693	488,404		
Other operating	5,325	8,768		
	<u>521,018</u>	<u>497,172</u>	<u>23,846</u>	<u>481,238</u>
<b>FamilyNet Family Services</b>				
Salaries & employee benefits	139,242	138,074		
Other operating	3,000	285		
	<u>142,242</u>	<u>138,359</u>	<u>3,883</u>	<u>140,254</u>
<b>FamilyNet Children Services</b>				
Salaries & employee benefits	306,205	244,768		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Other operating	3,194	5,725		
	<u>309,399</u>	<u>250,493</u>	<u>58,906</u>	<u>238,006</u>
FamilyNet ECST				
Salaries & employee benefits	367,120	318,200		
Other operating	20,556	21,471		
	<u>387,676</u>	<u>339,671</u>	<u>48,005</u>	<u>331,726</u>
FamilyNet Child Protective Services				
Salaries & employee benefits	64,789	64,097		
Other operating	12,858	11,223		
	<u>77,647</u>	<u>75,320</u>	<u>2,327</u>	<u>74,548</u>
Work First				
Salaries & employee benefits	401,978	310,176		
Other operating	527,872	424,176		
Social Services assistance	943,817	546,130		
	<u>1,873,667</u>	<u>1,280,482</u>	<u>593,185</u>	<u>1,606,696</u>
Office Juvenile Justice Girls Program				
Other operating	48,255	47,614		
	<u>48,255</u>	<u>47,614</u>	<u>641</u>	<u>41,110</u>
Administration Group Homes				
Salaries & employee benefits	1,065,457	1,010,726		
Other operating	42,988	42,810		
	<u>1,108,445</u>	<u>1,053,536</u>	<u>54,909</u>	<u>992,852</u>
Girls Program				
Other operating	52,175	53,871		
Capital outlay	50,000	23,685		
	<u>102,175</u>	<u>77,556</u>	<u>24,619</u>	<u>43,676</u>
Boys Program				
Other operating	52,675	49,386		
	<u>52,675</u>	<u>49,386</u>	<u>3,289</u>	<u>40,764</u>
Office Juvenile Justice Boys Program				
Other operating	64,155	59,564		
	<u>64,155</u>	<u>59,564</u>	<u>4,591</u>	<u>56,670</u>
Adult Services				
Other operating	401,461	366,858		
Social Services assistance	304,383	308,156		
	<u>705,844</u>	<u>675,014</u>	<u>30,830</u>	<u>695,748</u>
Adult Social Work				
Salaries & employee benefits	1,465,858	1,472,099		
Other operating	68,622	58,717		
Social Services assistance	10,600	14,923		
	<u>1,545,080</u>	<u>1,545,739</u>	<u>659</u>	<u>1,545,080</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
	1,545,080	1,545,739	(659)	1,479,029
Medicaid Administration				
Salaries & employee benefits	1,003,561	991,291		
Other operating	7,554	5,681		
	<u>1,011,115</u>	<u>996,972</u>	<u>14,143</u>	<u>922,089</u>
Transportation				
Salaries & employee benefits	473,412	437,878		
Other operating	36,762	35,535		
Capital outlay	91,000	87,326		
	<u>601,174</u>	<u>560,739</u>	<u>40,435</u>	<u>537,149</u>
Nutrition				
Salaries & employee benefits	169,325	157,788		
Other operating	319,055	244,998		
Social Services assistance	471,340	425,144		
	<u>959,720</u>	<u>827,930</u>	<u>131,790</u>	<u>700,121</u>
Public Assistance Administration				
Salaries & employee benefits	1,478,259	1,456,188		
Other operating	25,439	20,506		
	<u>1,503,698</u>	<u>1,476,694</u>	<u>27,004</u>	<u>1,439,473</u>
Food Stamps				
Salaries & employee benefits	1,631,975	1,444,984		
Other operating	75,334	70,082		
	<u>1,707,309</u>	<u>1,515,066</u>	<u>192,243</u>	<u>1,588,558</u>
Child Support				
Salaries & employee benefits	1,321,489	1,148,241		
Other operating	24,831	37,072		
	<u>1,346,320</u>	<u>1,185,313</u>	<u>161,007</u>	<u>1,118,779</u>
General Assistance				
Other operating	76,000	107,642		
Social Services assistance	136,000	87,529		
	<u>212,000</u>	<u>195,171</u>	<u>16,829</u>	<u>173,600</u>
Public Assistance Payments				
Social Services assistance	1,385,392	1,114,419		
	<u>1,385,392</u>	<u>1,114,419</u>	<u>270,973</u>	<u>1,194,810</u>
Children's Purchase Services				
Social Services assistance	9,695,476	9,482,175		
	<u>9,695,476</u>	<u>9,482,175</u>	<u>213,301</u>	<u>9,070,084</u>
Total Social Services	<u>42,760,009</u>	<u>35,817,896</u>	<u>6,942,113</u>	<u>35,941,238</u>

**Public Health Department**

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Health Administration				
Salaries & employee benefits	618,713	604,094		
Other operating	462,461	185,261		
	<u>1,081,174</u>	<u>789,355</u>	<u>291,819</u>	<u>887,304</u>
Home Health				
Salaries & employee benefits	1,790,685	1,751,344		
Other operating	1,280,132	1,238,045		
	<u>3,070,817</u>	<u>2,989,389</u>	<u>81,428</u>	<u>3,148,201</u>
Environmental Health				
Salaries & employee benefits	700,865	698,082		
Other operating	113,972	106,158		
	<u>814,837</u>	<u>804,240</u>	<u>10,597</u>	<u>850,066</u>
Maternal Health				
Salaries & employee benefits	8,074	8,235		
Other operating	167,310	164,279		
	<u>175,384</u>	<u>172,514</u>	<u>2,870</u>	<u>239,946</u>
Pregnancy Care Management				
Salaries & employee benefits	328,472	327,184		
Other operating	18,520	15,124		
	<u>346,992</u>	<u>342,308</u>	<u>4,684</u>	<u>325,935</u>
Laboratory				
Salaries & employee benefits	72,230	70,761		
Other operating	43,570	36,939		
	<u>115,800</u>	<u>107,700</u>	<u>8,100</u>	<u>167,585</u>
Post Partum Newborn				
Salaries & employee benefits				
Other operating				
Capital outlay				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,083</u>
Child Health				
Salaries & employee benefits	451,585	448,224		
Other operating	85,057	80,432		
	<u>536,642</u>	<u>528,656</u>	<u>7,986</u>	<u>581,248</u>
Child Health - Human Resource Teams				
Salaries & employee benefits	485,843	482,501		
Other operating	61,842	34,688		
	<u>547,685</u>	<u>517,189</u>	<u>30,496</u>	<u>501,720</u>
Child Health - Smart Start				
Salaries & employee benefits	132,287	131,290		
Other operating	20,408	19,977		
	<u>152,695</u>	<u>151,267</u>	<u>1,428</u>	<u>160,005</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Care Coordination for Children				
Salaries & employee benefits	355,531	351,435		
Other operating	20,450	18,420		
	<u>375,981</u>	<u>369,855</u>	<u>6,126</u>	<u>317,472</u>
School Nurse Fund Initiative				
Salaries & employee benefits	188,151	166,841		
Other operating	10,791	10,562		
	<u>198,942</u>	<u>177,403</u>	<u>21,539</u>	<u>162,113</u>
School Nurses Initiative - Catawba Valley Medical Center				
Salaries & employee benefits	359,444	349,612		
Other operating	15,353	13,780		
	<u>374,797</u>	<u>363,392</u>	<u>11,405</u>	<u>278,139</u>
School Nurses - Catawba County				
Salaries & employee benefits	230,431	227,533		
Other operating	21,784	20,153		
	<u>252,215</u>	<u>247,686</u>	<u>4,529</u>	<u>236,394</u>
School Nurses - Newton-Conover				
Salaries & employee benefits	112,819	111,378		
Other operating	9,061	6,887		
	<u>121,880</u>	<u>118,265</u>	<u>3,615</u>	<u>116,514</u>
School Nurses Initiative - Catawba County				
Salaries & employee benefits	71,890	72,352		
Other operating	3,306	1,819		
	<u>75,196</u>	<u>74,171</u>	<u>1,025</u>	<u>67,007</u>
Dental Health				
Salaries & employee benefits	338,792	336,623		
Other operating	87,183	85,082		
Public Health assistance	43,000	32,626		
	<u>468,975</u>	<u>454,331</u>	<u>14,644</u>	<u>442,924</u>
Glaucoma/Adult Health				
Salaries & employee benefits	240,451	237,859		
Other operating	254,572	232,722		
	<u>495,023</u>	<u>470,581</u>	<u>24,442</u>	<u>682,836</u>
Bioterrorism Grant				
Salaries & employee benefits	50,454	47,893		
Other operating	5,167	1,676		
	<u>55,621</u>	<u>49,569</u>	<u>6,052</u>	<u>44,190</u>
Clinical Services				
Salaries & employee benefits	882,643	879,938		
Other operating	162,450	119,353		

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
	1,045,093	999,291	45,802	1,187,675
Women Infants Children Program				
Salaries & employee benefits	817,837	790,293		
Other operating	54,350	48,564		
	<u>872,187</u>	<u>838,857</u>	<u>33,330</u>	<u>815,019</u>
Total Public Health	<u>11,177,936</u>	<u>10,566,019</u>	<u>611,917</u>	<u>11,285,376</u>
Total Human Services	<u>54,669,945</u>	<u>47,114,736</u>	<u>7,555,209</u>	<u>48,069,751</u>
<b>Culture and Recreation</b>				
<b>County Library</b>				
Library Administration - Main Library				
Salaries & employee benefits	866,865	906,124		
Other operating	333,329	313,856		
Non-operating	193,304	-		
	<u>1,393,498</u>	<u>1,219,980</u>	<u>173,518</u>	<u>1,128,156</u>
Sherrills Ford Branch				
Salaries & employee benefits	145,094	101,862		
Other operating	58,787	44,793		
Capital outlay	35,000	-		
	<u>238,881</u>	<u>146,655</u>	<u>92,226</u>	<u>145,930</u>
Maiden Branch				
Salaries & employee benefits	72,416	72,340		
Other operating	37,492	32,347		
	<u>109,908</u>	<u>104,687</u>	<u>5,221</u>	<u>94,993</u>
St. Stephens Branch				
Salaries & employee benefits	289,944	226,431		
Other operating	100,888	96,165		
	<u>390,832</u>	<u>322,596</u>	<u>68,236</u>	<u>363,322</u>
Southwest Branch Library				
Salaries & employee benefits	143,543	135,462		
Other operating	128,940	125,105		
	<u>272,483</u>	<u>260,567</u>	<u>11,916</u>	<u>258,927</u>
Conover Branch Library				
Salaries & employee benefits	106,944	104,020		
Other operating	23,903	18,815		
	<u>130,847</u>	<u>122,835</u>	<u>8,012</u>	<u>120,854</u>
Claremont Branch Library				
Salaries & employee benefits	38,157	37,770		
Other operating	25,180	12,535		
	<u>63,337</u>	<u>50,305</u>	<u>13,032</u>	<u>50,531</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actuals</b>	<b>Over/Under</b>	
Total County Library	2,599,786	2,227,625	372,161	2,162,713
Arts-Administration				
Other operating	541,500	541,500	-	532,000
Other Cultural				
Other operating	4,000	-	4,000	-
Total Culture and Recreation	3,145,286	2,769,125	376,161	2,694,713
<b>Education</b>				
Catawba County Schools				
Current expense	24,933,426	24,933,426		
Fines and forfeitures	597,310	344,964		
	25,530,736	25,278,390	252,346	25,150,373
Newton-Conover City Schools				
Current expense	4,378,617	4,378,617		
Fines and forfeitures	104,895	60,920		
	4,483,512	4,439,537	43,975	4,365,372
Hickory City Schools				
Current expense	6,397,719	6,397,719		
Fines and forfeitures	153,265	88,414		
	6,550,984	6,486,133	64,851	6,468,042
Catawba Valley Community College				
Current expense	3,800,000	3,800,000	-	3,712,188
Total Education	40,365,232	40,004,060	361,172	39,695,975
<b>Debt Service</b>				
General obligation bonds				
Principal	2,565,005	2,565,000		
Interest	138,110	138,106		
	2,703,115	2,703,106	9	4,734,006
Installment purchases				
Principal	5,929,345	5,929,013		
Interest	2,660,838	2,867,433		
	8,590,183	8,796,446	(206,263)	6,079,587
Certificates of Participation				
Principal	2,955,005	2,955,000		
Interest	484,030	439,898		
	3,439,035	3,394,898	44,137	3,584,154
Qualified Zone Academy Bonds				
Principal	50,000	50,000	-	50,000

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actuals</u>	<u>Over/Under</u>	
Build America Bonds				
Principal	579,435	579,429		
Interest	226,085	235,768		
	<u>805,520</u>	<u>815,197</u>	<u>(9,677)</u>	<u>829,576</u>
Qualified School Construction Bonds				
Principal (sinking fund escrow)	1,853,905	1,853,902		
Interest	-	113,143		
	<u>1,853,905</u>	<u>1,967,045</u>	<u>(113,140)</u>	<u>1,910,015</u>
Payment to refunded bond escrow agent	-	1,014,000	(1,014,000)	-
Bond Issuance Costs	-	23,583	(23,583)	135,592
Total Debt Service	<u>17,441,758</u>	<u>18,764,275</u>	<u>(1,322,517)</u>	<u>17,322,930</u>
Total expenditures	<u>170,157,370</u>	<u>159,118,584</u>	<u>11,038,786</u>	<u>155,571,852</u>
Revenues over (under) expenditures	<u>(8,442,671)</u>	<u>4,652,410</u>	<u>13,095,081</u>	<u>2,202,684</u>
<b>Other financing sources (uses)</b>				
Transfers from				
School Capital Fund	50,000	50,000	-	50,000
Transfers to				
Emergency Telephone System	(18,766)	(18,766)	-	(18,116)
Citizens Alert System Fund	(6,582)	(6,582)	-	(15,624)
Reappraisal Fund	(390,541)	(390,541)	-	(382,150)
General Capital Projects Fund	(1,727,777)	(1,727,777)	-	(1,300,000)
School Construction Fund	(1,043,303)	(1,043,303)	-	(536,823)
Water and Sewer Construction Fund	(1,600,000)	(1,600,000)	-	(530,000)
Water and Sewer Operations Fund	-	-	-	(245,000)
Solid Waste Management Fund	(1,565)	(1,565)	-	-
Installment purchase obligation issued	-	-	-	184,750
Refunding limited obligation bonds issued	-	1,810,000	1,810,000	-
Refunding certificates of participation issued	-	-	-	10,965,000
Payment to refunded bond escrow agent	-	(1,849,125)	(1,849,125)	(10,878,232)
Premium on limited obligation bonds	-	39,911	39,911	-
Sale of capital assets	-	-	-	9,169
Fund Balance appropriated/contingency	13,181,205	-	(13,181,205)	-
Total other financing sources (uses)	<u>8,442,671</u>	<u>(4,737,748)</u>	<u>(13,180,419)</u>	<u>(2,697,026)</u>
Net change in fund balance	<u>-</u>	<u>(85,338)</u>	<u>(85,338)</u>	<u>(494,342)</u>
<b>Fund Balances - Beginning of Year</b>		<u>49,998,294</u>		
<b>Fund Balances - End of Year</b>		<u>\$ 49,912,956</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Reappraisal Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ 4,206	\$ 4,206	\$ (505)
Total revenues	<u>-</u>	<u>4,206</u>	<u>4,206</u>	<u>(505)</u>
<b>Expenditures</b>				
Current				
General government				
Salaries & employee benefits	319,852	315,691	4,161	308,663
Other operating	70,689	53,508	17,181	60,832
Capital outlay	-	-	-	-
Total expenditures	<u>390,541</u>	<u>369,199</u>	<u>21,342</u>	<u>369,495</u>
Excess of revenues over (under) expenditures	<u>(390,541)</u>	<u>(364,993)</u>	<u>25,548</u>	<u>(370,000)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from				
General Fund	390,541	390,541	-	382,150
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>390,541</u>	<u>390,541</u>	<u>-</u>	<u>382,150</u>
Net change in fund balance	<u>\$ -</u>	<u>25,548</u>	<u>\$ 25,548</u>	<u>12,150</u>
<b>Fund Balances - Beginning of Year</b>		<u>171,113</u>		<u>158,963</u>
<b>Fund Balances - End of Year</b>		<u>\$ 196,661</u>		<u>\$ 171,113</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Capital Reserve Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ 4,938	\$ 4,938	\$ (648)
Total revenues	<u>-</u>	<u>4,938</u>	<u>4,938</u>	<u>(648)</u>
<b>Expenditures</b>				
Other operating	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>4,938</u>	<u>4,938</u>	<u>(648)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from	-	-	-	-
Transfers to	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>4,938</u>	<u>\$ 4,938</u>	<u>(648)</u>
<b>Fund Balances - Beginning of Year</b>		<u>448,757</u>		<u>449,405</u>
<b>Fund Balances - End of Year</b>		<u>\$ 453,695</u>		<u>\$ 448,757</u>

## **Combining Statements for Nonmajor Funds**

**CATAWBA COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	<b>Special Revenue Funds (Schedule C-1)</b>	<b>Capital Project Funds (Schedule D-1)</b>	<b>Total Nonmajor Governmental Funds (Exhibit 3)</b>
<b>Assets</b>			
Cash and investments	\$ 4,328,230	\$ 12,106,518	\$ 16,434,748
Taxes receivable - net	135,500	-	135,500
Due from other governments	82,438	1,221,982	1,304,420
Interest receivable	9,758	27,463	37,221
Total assets	<u>4,555,926</u>	<u>13,355,963</u>	<u>17,911,889</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	<u>72,503</u>	<u>166,652</u>	<u>239,155</u>
Total liabilities	<u>72,503</u>	<u>166,652</u>	<u>239,155</u>
<b>Deferred Inflows of Resources</b>			
Taxes receivable	135,500	-	135,500
Prepaid taxes	<u>1,584</u>	<u>-</u>	<u>1,584</u>
Total deferred inflows of resources	<u>137,084</u>	<u>-</u>	<u>137,084</u>
<b>Fund Balances</b>			
Restricted			
Stabilization by State Statute	265,448	1,249,445	1,514,893
Public Safety	2,582,688	-	2,582,688
Fire Protection	1,145,873	-	1,145,873
Library Endowment	239,217	-	239,217
Scholarship	46,048	-	46,048
Parks Preservation	49,596	-	49,596
Community Development	17,469	-	17,469
Hospital Capital	-	5,449,956	5,449,956
Committed			
School Capital	-	6,465,739	6,465,739
Hospital Construction	-	24,171	24,171
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>4,346,339</u>	<u>13,189,311</u>	<u>17,535,650</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,555,926</u>	<u>\$ 13,355,963</u>	<u>\$ 17,911,889</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Special Revenue Funds (Schedule C-3)</b>	<b>Capital Project Funds (Schedule D-2)</b>	<b>Total Nonmajor Governmental Funds (Exhibit 4)</b>
<b>Revenues</b>			
Ad valorem taxes	\$ 6,037,846	\$ -	\$ 6,037,846
Other taxes	-	4,107,873	4,107,873
Restricted intergovernmental revenues	692,550	666,433	1,358,983
Licenses and permits	-	-	-
Investment earnings	48,641	127,632	176,273
Miscellaneous	1,290	-	1,290
<b>Total revenues</b>	<u>6,780,327</u>	<u>4,901,938</u>	<u>11,682,265</u>
<b>Expenditures</b>			
Current			
Public safety	6,320,518	-	6,320,518
Economic and physical development	138,427	-	138,427
Capital outlay	-	4,272,880	4,272,880
<b>Total expenditures</b>	<u>6,458,945</u>	<u>4,272,880</u>	<u>10,731,825</u>
Excess of revenues over (under) expenditures	321,382	629,058	950,440
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds	25,348	69,507	94,855
Transfers to other funds	(26,130)	(119,507)	(145,637)
<b>Total other financing sources (uses)</b>	<u>(782)</u>	<u>(50,000)</u>	<u>(50,782)</u>
Net change in fund balance	320,600	579,058	899,658
<b>Fund Balances - Beginning of Year</b>	<u>4,025,739</u>	<u>12,610,253</u>	<u>16,635,992</u>
<b>Fund Balances - End of Year</b>	<u>\$ 4,346,339</u>	<u>\$ 13,189,311</u>	<u>\$ 17,535,650</u>



## **Nonmajor Special Revenue Funds**

To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

### *Emergency Telephone System Fund -*

Established in accordance with North Carolina law to account for the revenues received by the Communication Center for the 911 charges and the expenditure of those funds for the emergency telephone systems.

### *Citizens' Alert System Fund –*

To account for the accumulation of funds to provide emergency notifications to citizens and local agencies.

### *Narcotics Seized Funds and Property Fund –*

To account for the revenue received by the Sheriff's Department for Drug Reimbursements and the expenditure of those funds to further narcotics enforcement efforts.

### *Rescue Squads Fund -*

To account for the accumulation of funds for the financing of future capital needs of the six rescue squads within the County.

### *Library Endowment Fund –*

To account for donations that are stipulated for the purchase of library books.

### *Gretchen Peed Scholarship Fund –*

To account for donations that are stipulated for scholarships.

### *Parks/Historic Preservation Trust Fund –*

To account for donations and other funds that are stipulated for park expenditures.

### *Community Development Fund –*

To account for the accumulation of various grants for the financing of critical housing needs for low-income families and other community projects.

### *Fire District Funds -*

The County maintains fourteen separate fire district funds under its budgetary control to account for tax receipts and disbursements to the fire districts.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	<b>Emergency Telephone System Fund</b>	<b>Citizens' Alert System Fund</b>	<b>Narcotics Seized Funds And Property Fund</b>	<b>Rescue Squads Fund</b>
<b>Assets</b>				
Cash and investments	\$ 2,534,332	\$ 14,039	\$ 94,591	\$ 184,152
Taxes receivable - net	-	-	-	-
Due from other governments	43,109	-	-	-
Interest receivable	5,659	49	213	656
<b>Total assets</b>	<b><u>2,583,100</u></b>	<b><u>14,088</u></b>	<b><u>94,804</u></b>	<b><u>184,808</u></b>
<b>Liabilities and Fund Balances</b>				
Accounts payable and accrued liabilities	69,657	1,517	-	-
<b>Total liabilities</b>	<b><u>69,657</u></b>	<b><u>1,517</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources</b>				
Taxes receivable	-	-	-	-
Prepaid taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>				
Restricted				
Stabilization by State Statute	212,220	49	10,013	656
Public Safety	2,301,223	12,522	84,791	184,152
Fire Protection	-	-	-	-
Library Endowment	-	-	-	-
Scholarship	-	-	-	-
Parks Preservation	-	-	-	-
Community Development	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b><u>2,513,443</u></b>	<b><u>12,571</u></b>	<b><u>94,804</u></b>	<b><u>184,808</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 2,583,100</u></b>	<b><u>\$ 14,088</u></b>	<b><u>\$ 94,804</u></b>	<b><u>\$ 184,808</u></b>

<u>Library Endowment Fund</u>	<u>Gretchen Peed Scholarship Fund</u>	<u>Parks/ Historic Preservation Fund</u>	<u>Community Development Fund</u>	<u>Fire District Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 239,217	\$ 46,048	\$ 49,596	\$ 18,798	\$ 1,147,457	\$ 4,328,230
-	-	-	-	135,500	135,500
-	-	-	1,329	38,000	82,438
542	104	113	22	2,400	9,758
<u>239,759</u>	<u>46,152</u>	<u>49,709</u>	<u>20,149</u>	<u>1,323,357</u>	<u>4,555,926</u>
-	-	-	1,329	-	72,503
-	-	-	1,329	-	72,503
-	-	-	-	135,500	135,500
-	-	-	-	1,584	1,584
-	-	-	-	137,084	137,084
-	-	-	-	-	-
542	104	113	1,351	40,400	265,448
-	-	-	-	-	2,582,688
-	-	-	-	1,145,873	1,145,873
239,217	-	-	-	-	239,217
-	46,048	-	-	-	46,048
-	-	49,596	-	-	49,596
-	-	-	17,469	-	17,469
-	-	-	-	-	-
<u>239,759</u>	<u>46,152</u>	<u>49,709</u>	<u>18,820</u>	<u>1,186,273</u>	<u>4,346,339</u>
<u>\$ 239,759</u>	<u>\$ 46,152</u>	<u>\$ 49,709</u>	<u>\$ 20,149</u>	<u>\$ 1,323,357</u>	<u>\$ 4,555,926</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Fire District Funds**  
**Subcombining Balance Sheet**  
**June 30, 2014**

	<u>Mountain View Fire District Fund</u>	<u>Propst Fire District Fund</u>	<u>St. Stephens Fire District Fund</u>	<u>Conover Rural Fire District Fund</u>	<u>Oxford Fire District Fund</u>
<b>Assets</b>					
Cash and investments	\$ 43,800	\$ 28,202	\$ 83,363	\$ 182,055	\$ 44,343
Taxes receivable - net	10,765	8,153	17,744	2,068	8,833
Due from other governments	4,477	2,296	5,936	710	2,643
Interest receivable	78	54	159	409	86
Total assets	<u>59,120</u>	<u>38,705</u>	<u>107,202</u>	<u>185,242</u>	<u>55,905</u>
<b>Liabilities and Fund Balances</b>					
Accounts payable and accrued liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Taxes receivable	10,765	8,153	17,744	2,068	8,833
Prepaid taxes	382	172	219	27	14
Total deferred inflows of resources	<u>11,147</u>	<u>8,325</u>	<u>17,963</u>	<u>2,095</u>	<u>8,847</u>
<b>Fund Balances</b>					
Restricted					
Stabilization by State Statute	4,555	2,350	6,095	1,119	2,729
Fire Protection	43,418	28,030	83,144	182,028	44,329
Total fund balances	<u>47,973</u>	<u>30,380</u>	<u>89,239</u>	<u>183,147</u>	<u>47,058</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 59,120</u>	<u>\$ 38,705</u>	<u>\$ 107,202</u>	<u>\$ 185,242</u>	<u>\$ 55,905</u>

(continued on page 112)

<b>Sherrills Ford Fire District Fund</b>	<b>Bandys Fire District Fund</b>	<b>Maiden Fire District Fund</b>	<b>Claremont Fire District Fund</b>	<b>Catawba Fire District Fund</b>	<b>Long View Fire District Fund</b>	<b>Newton Rural Fire District Fund</b>
\$ 96,364	\$ 80,717	\$ 108,855	\$ 38,416	\$ 317,762	\$ 17,661	\$ 35,835
28,089	15,333	8,255	8,164	8,012	363	9,204
6,657	4,054	1,740	2,191	1,070	225	3,491
180	161	237	78	711	39	65
<u>131,290</u>	<u>100,265</u>	<u>119,087</u>	<u>48,849</u>	<u>327,555</u>	<u>18,288</u>	<u>48,595</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,089	15,333	8,255	8,164	8,012	363	9,204
253	143	6	25	5	-	109
<u>28,342</u>	<u>15,476</u>	<u>8,261</u>	<u>8,189</u>	<u>8,017</u>	<u>363</u>	<u>9,313</u>
6,837	4,215	1,977	2,269	1,781	264	3,556
96,111	80,574	108,849	38,391	317,757	17,661	35,726
<u>102,948</u>	<u>84,789</u>	<u>110,826</u>	<u>40,660</u>	<u>319,538</u>	<u>17,925</u>	<u>39,282</u>
<u>\$ 131,290</u>	<u>\$ 100,265</u>	<u>\$ 119,087</u>	<u>\$ 48,849</u>	<u>\$ 327,555</u>	<u>\$ 18,288</u>	<u>\$ 48,595</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Fire District Funds**  
**Subcombining Balance Sheet**  
**June 30, 2014**

	<u>Cooksville Fire District Fund</u>	<u>Hickory Rural Fire District Fund</u>	<u>Total Fire District Funds</u>
<b>Assets</b>			
Cash and investments	\$ 47,172	\$ 22,912	\$ 1,147,457
Taxes receivable - net	4,132	6,385	135,500
Due from other governments	958	1,552	38,000
Interest receivable	<u>102</u>	<u>41</u>	<u>2,400</u>
Total assets	<u>52,364</u>	<u>30,890</u>	<u>1,323,357</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Taxes receivable	4,132	6,385	135,500
Taxes collected in advance	<u>46</u>	<u>183</u>	<u>1,584</u>
Total deferred inflows of resources	<u>4,178</u>	<u>6,568</u>	<u>137,084</u>
<b>Fund Balances</b>			
Restricted			
Stabilization by State Statute	1,060	1,593	40,400
Fire Protection	<u>47,126</u>	<u>22,729</u>	<u>1,145,873</u>
Total fund balances	<u>48,186</u>	<u>24,322</u>	<u>1,186,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,364</u>	<u>\$ 30,890</u>	<u>\$ 1,323,357</u>



**CATAWBA COUNTY, NORTH CAROLINA**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Emergency Telephone System Fund</b>	<b>Citizens' Alert System Fund</b>	<b>Narcotics Seized Funds and Property Fund</b>	<b>Rescue Squads Fund</b>
<b>Revenues</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,067,200
Restricted intergovernmental revenues	513,604	20,000	1,824	-
Investment earnings	26,996	206	990	3,852
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>540,600</u>	<u>20,206</u>	<u>2,814</u>	<u>1,071,052</u>
<b>Expenditures</b>				
Current				
Public safety	383,346	57,773	15,786	1,171,436
Economic and physical development	-	-	-	-
<b>Total expenditures</b>	<u>383,346</u>	<u>57,773</u>	<u>15,786</u>	<u>1,171,436</u>
Excess of revenue over (under) expenditures	<u>157,254</u>	<u>(37,567)</u>	<u>(12,972)</u>	<u>(100,384)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	18,766	6,582	-	-
Transfers to other funds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>18,766</u>	<u>6,582</u>	<u>-</u>	<u>-</u>
Net change in fund balance	176,020	(30,985)	(12,972)	(100,384)
<b>Fund Balances - Beginning of Year</b>	<u>2,337,423</u>	<u>43,556</u>	<u>107,776</u>	<u>285,192</u>
<b>Fund Balances - End of Year</b>	<u>\$ 2,513,443</u>	<u>\$ 12,571</u>	<u>\$ 94,804</u>	<u>\$ 184,808</u>

<u>Library Endowment Fund</u>	<u>Gretchen Peed Scholarship Fund</u>	<u>Parks/ Historic Preservation Fund</u>	<u>Community Development Fund</u>	<u>Fire District Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,970,646	\$ 6,037,846
-	-	-	157,122	-	692,550
2,610	501	530	125	12,831	48,641
-	1,290	-	-	-	1,290
<u>2,610</u>	<u>1,791</u>	<u>530</u>	<u>157,247</u>	<u>4,983,477</u>	<u>6,780,327</u>
-	-	-	-	4,692,177	6,320,518
-	-	-	138,427	-	138,427
-	-	-	<u>138,427</u>	<u>4,692,177</u>	<u>6,458,945</u>
<u>2,610</u>	<u>1,791</u>	<u>530</u>	<u>18,820</u>	<u>291,300</u>	<u>321,382</u>
-	-	-	-	-	25,348
-	-	(26,130)	-	-	(26,130)
-	-	<u>(26,130)</u>	-	-	<u>(782)</u>
2,610	1,791	(25,600)	18,820	291,300	320,600
<u>237,149</u>	<u>44,361</u>	<u>75,309</u>	<u>-</u>	<u>894,973</u>	<u>4,025,739</u>
<u>\$ 239,759</u>	<u>\$ 46,152</u>	<u>\$ 49,709</u>	<u>\$ 18,820</u>	<u>\$ 1,186,273</u>	<u>\$ 4,346,339</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Restricted intergovernmental revenues				
North Carolina 911 funds	513,404	513,604	200	518,772
Investment earnings	-	26,996	26,996	(3,903)
Total revenues	<u>513,404</u>	<u>540,600</u>	<u>27,196</u>	<u>514,869</u>
<b>Expenditures</b>				
Current				
Public Safety				
Salaries & employee benefits	94,548	73,058	21,490	88,068
Other operating	493,795	310,288	183,507	323,862
Capital outlay	242,060	-	242,060	35,219
Total expenditures	<u>830,403</u>	<u>383,346</u>	<u>447,057</u>	<u>447,149</u>
Excess of revenues over (under) expenditures	<u>(316,999)</u>	<u>157,254</u>	<u>474,253</u>	<u>67,720</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from				
General Fund	18,766	18,766	-	18,116
Fund balance appropriated	298,233	-	(298,233)	-
Total other financing sources (uses)	<u>316,999</u>	<u>18,766</u>	<u>(298,233)</u>	<u>18,116</u>
Net change in fund balance	<u>\$ -</u>	<u>176,020</u>	<u>\$ 176,020</u>	<u>85,836</u>
<b>Fund Balances - Beginning of Year</b>		<u>2,337,423</u>		<u>2,251,587</u>
<b>Fund Balances - End of Year</b>		<u>\$ 2,513,443</u>		<u>\$ 2,337,423</u>

The County transferred \$18,766 from the General Fund to cover ineligible 911 expenses from the prior fiscal year.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Emergency Telephone System Unspent Fund Balance**  
**PSAP Reconciliation**  
**June 30, 2014**

Amounts reported on the Emergency Telephone System Fund- Budget to Actual (Schedule C-4) are different from the PSAP Revenue-Expenditure Report because:

Net Change in Fund Balance, reported on Budget to Actual	\$ 176,020
Ineligible 911 expenses reported in Emergency Telephone System Fund in prior year recovered in current year through transfer from General Fund	<u>(18,766)</u>
	<u>157,254</u>
Beginning Balance, PSAP Revenue-Expenditure Report	<u>2,356,189</u>
Ending Balance, PSAP Revenue- Expenditure Report	<u>\$ 2,513,443</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Citizens' Alert System Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<b>2014</b>			<b>Actual Prior Year</b>
	<b>Budget</b>	<b>Actual</b>	<b>Over/Under</b>	
<b>Revenues</b>				
Restricted intergovernmental revenues - federal	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Restricted intergovernmental revenues - local	11,521	-	(11,521)	\$ 23,041
Investment earnings	-	206	206	(133)
Miscellaneous	10,000	-	(10,000)	10,000
<b>Total revenues</b>	<u>41,521</u>	<u>20,206</u>	<u>(21,315)</u>	<u>52,908</u>
<b>Expenditures</b>				
<b>Current</b>				
Public Safety				
Salaries & employee benefits	20,603	20,273	330	19,393
Other operating	37,500	37,500	-	37,500
<b>Total expenditures</b>	<u>58,103</u>	<u>57,773</u>	<u>330</u>	<u>56,893</u>
Excess of revenues over (under) expenditures	<u>(16,582)</u>	<u>(37,567)</u>	<u>(20,985)</u>	<u>(3,985)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from				
General Fund	6,582	6,582	-	15,624
Fund balance appropriated	10,000	-	(10,000)	-
<b>Total other financing sources (uses)</b>	<u>16,582</u>	<u>6,582</u>	<u>(10,000)</u>	<u>15,624</u>
Net change in fund balance	<u>\$ -</u>	<u>(30,985)</u>	<u>\$ (30,985)</u>	11,639
<b>Fund Balances - Beginning of Year</b>		<u>43,556</u>		<u>31,917</u>
<b>Fund Balances - End of Year</b>		<u>\$ 12,571</u>		<u>\$ 43,556</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Narcotics Seized Funds and Property Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Restricted intergovernmental revenues				
U. S. Treasury				
Drug reimbursement	\$ 15,000	\$ 1,824	\$ (13,176)	\$ 15,435
Investment earnings	-	990	990	358
Sale of properties	1,000	-	(1,000)	1,545
Miscellaneous	-	-	-	893
Total revenues	<u>16,000</u>	<u>2,814</u>	<u>(13,186)</u>	<u>18,231</u>
<b>Expenditures</b>				
Current				
Public Safety				
Other operating	35,988	(3,750)	39,738	3,278
Capital outlay	-	-	-	153,698
Drug prevention contingency	<u>30,000</u>	<u>19,536</u>	<u>10,464</u>	<u>-</u>
Total expenditures	<u>65,988</u>	<u>15,786</u>	<u>50,202</u>	<u>156,976</u>
Excess of revenues over (under) expenditures	<u>(49,988)</u>	<u>(12,972)</u>	<u>37,016</u>	<u>(138,745)</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>49,988</u>	<u>-</u>	<u>(49,988)</u>	<u>-</u>
Total other financing sources (uses)	<u>49,988</u>	<u>-</u>	<u>(49,988)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(12,972)</u>	<u>\$ (12,972)</u>	<u>(138,745)</u>
<b>Fund Balances - Beginning of Year</b>		<u>107,776</u>		<u>246,521</u>
<b>Fund Balances - End of Year</b>		<u>\$ 94,804</u>		<u>\$ 107,776</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Rescue Squads Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 1,067,200	\$ 1,067,200	\$ -	\$ 1,013,173
Investment earnings	-	3,852	3,852	(1,411)
Total revenues	<u>1,067,200</u>	<u>1,071,052</u>	<u>3,852</u>	<u>1,011,762</u>
<b>Expenditures</b>				
Public Safety				
Other operating	1,242,789	1,171,436	71,353	1,005,718
Total expenditures	<u>1,242,789</u>	<u>1,171,436</u>	<u>71,353</u>	<u>1,005,718</u>
Excess of revenues over (under) expenditures	<u>(175,589)</u>	<u>(100,384)</u>	<u>75,205</u>	<u>6,044</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	175,589	-	(175,589)	-
Total other financing sources (uses)	<u>175,589</u>	<u>-</u>	<u>(175,589)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(100,384)</u>	<u>\$ (100,384)</u>	<u>6,044</u>
<b>Fund Balances - Beginning of Year</b>		<u>285,192</u>		<u>279,148</u>
<b>Fund Balances - End of Year</b>		<u>\$ 184,808</u>		<u>\$ 285,192</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Library Endowment Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ 2,610	\$ 2,610	\$ (343)
Total revenues	<u>-</u>	<u>2,610</u>	<u>2,610</u>	<u>(343)</u>
<b>Expenditures</b>				
Culture and recreation	-	-	-	-
Other operating	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>2,610</u>	<u>2,610</u>	<u>(343)</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>2,610</u>	<u>\$ 2,610</u>	<u>(343)</u>
<b>Fund Balances - Beginning of Year</b>		<u>237,149</u>		<u>237,492</u>
<b>Fund Balances - End of Year</b>		<u>\$ 239,759</u>		<u>\$ 237,149</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Gretchen Peed Scholarship Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ 501	\$ 501	\$ (65)
Miscellaneous				
Donations	<u>1,500</u>	<u>1,290</u>	<u>(210)</u>	<u>250</u>
Total revenues	<u>1,500</u>	<u>1,791</u>	<u>291</u>	<u>185</u>
<b>Expenditures</b>				
Human services				
Scholarship awards	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Total expenditures	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>1,791</u>	<u>1,791</u>	<u>185</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,791</u>	<u>\$ 1,791</u>	<u>185</u>
<b>Fund Balances - Beginning of Year</b>		<u>44,361</u>		<u>44,176</u>
<b>Fund Balances - End of Year</b>		<u>\$ 46,152</u>		<u>\$ 44,361</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Parks/Historic Preservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Licenses and permits				
Developer fee	\$ -	\$ -	\$ -	\$ 15,569
Investment earnings	-	530	530	(154)
Miscellaneous				
Cookbook sales	-	-	-	24
Total revenues	<u>-</u>	<u>530</u>	<u>530</u>	<u>15,439</u>
<b>Expenditures</b>				
Economic and physical development				
Other operating	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>530</u>	<u>530</u>	<u>15,439</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	26,130	-	(26,130)	-
Transfers to				
General Capital Projects Fund	(26,130)	(26,130)	-	(102,000)
Total other financing sources (uses)	<u>-</u>	<u>(26,130)</u>	<u>(26,130)</u>	<u>(102,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,600)</u>	<u>\$ (25,600)</u>	<u>(86,561)</u>
<b>Fund Balances - Beginning of Year</b>		<u>75,309</u>		<u>161,870</u>
<b>Fund Balances - End of Year</b>		<u>\$ 49,709</u>		<u>\$ 75,309</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Community Development Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2014**

Community Development Block Grant 2013 Urgent Repair Program (URP1305)	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental revenues	\$ 75,000	\$ -	\$ 37,500	\$ 37,500	\$ (37,500)
Investment earnings	-	-	125	125	125
Total revenues	<u>75,000</u>	<u>-</u>	<u>37,625</u>	<u>37,625</u>	<u>(37,375)</u>
<b>Expenditures</b>					
Economic and physical development					
Administration	9,600	-	1,530	1,530	8,070
Rehabilitation	<u>65,400</u>	<u>-</u>	<u>17,275</u>	<u>17,275</u>	<u>48,125</u>
Total expenditures	<u>75,000</u>	<u>-</u>	<u>18,805</u>	<u>18,805</u>	<u>56,195</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>18,820</u>	<u>18,820</u>	<u>18,820</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>18,820</u>	<u>\$ 18,820</u>	<u>\$ 18,820</u>
<b>Fund Balances - Beginning of Year</b>				-	
<b>Fund Balances - End of Year</b>			<u>\$ 18,820</u>		
<b>Community Development Block Grant 2012 NC Scattered Site Housing Project (12-C-2412)</b>					
Community Development Block Grant 2012 NC Scattered Site Housing Project (12-C-2412)	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental revenues	\$ 225,000	\$ -	\$ 119,622	\$ 119,622	\$ (105,378)
Total revenues	<u>225,000</u>	<u>-</u>	<u>119,622</u>	<u>119,622</u>	<u>(105,378)</u>
<b>Expenditures</b>					
Economic and physical development					
Administration	22,500	-	11,233	11,233	11,267
Rehabilitation	<u>202,500</u>	<u>-</u>	<u>108,389</u>	<u>108,389</u>	<u>94,111</u>
Total expenditures	<u>225,000</u>	<u>-</u>	<u>119,622</u>	<u>119,622</u>	<u>105,378</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances - Beginning of Year</b>				-	
<b>Fund Balances - End of Year</b>			<u>\$ -</u>		
<b>Grand Total</b>					
<b>Fund Balances - Beginning of Year</b>				-	
<b>Fund Balances - End of Year</b>			<u>\$ 18,820</u>		



**CATAWBA COUNTY, NORTH CAROLINA**  
**Fire District Funds**  
**Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Mountain View Fire District Fund</u>	<u>Propst Fire District Fund</u>	<u>St. Stephens Fire District Fund</u>	<u>Conover Rural Fire District Fund</u>	<u>Oxford Fire District Fund</u>
<b>Revenues</b>					
Ad valorem taxes	\$ 456,543	\$ 221,941	\$ 647,671	\$ 79,776	\$ 283,462
Investment earnings	494	294	963	1,916	486
Total revenues	<u>457,037</u>	<u>222,235</u>	<u>648,634</u>	<u>81,692</u>	<u>283,948</u>
<b>Expenditures</b>					
Current					
Public safety	<u>427,110</u>	<u>205,791</u>	<u>602,866</u>	-	<u>258,087</u>
Total expenditures	<u>427,110</u>	<u>205,791</u>	<u>602,866</u>	-	<u>258,087</u>
Excess of revenue over (under) expenditures	<u>29,927</u>	<u>16,444</u>	<u>45,768</u>	<u>81,692</u>	<u>25,861</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	29,927	16,444	45,768	81,692	25,861
<b>Fund Balances - Beginning of Year</b>	<u>18,046</u>	<u>13,936</u>	<u>43,471</u>	<u>101,455</u>	<u>21,197</u>
<b>Fund Balances - End of Year</b>	<u>\$ 47,973</u>	<u>\$ 30,380</u>	<u>\$ 89,239</u>	<u>\$ 183,147</u>	<u>\$ 47,058</u>

(continued on page 128)

<u>Sherrills Ford Fire District Fund</u>	<u>Bandys Fire District Fund</u>	<u>Maiden Fire District Fund</u>	<u>Claremont Fire District Fund</u>	<u>Catawba Fire District Fund</u>	<u>Long View Fire District Fund</u>	<u>Newton Rural Fire District Fund</u>
\$ 1,428,389	\$ 471,593	\$ 181,235	\$ 243,238	\$ 140,456	\$ 23,373	\$ 374,517
1,310	907	1,187	449	3,400	196	412
<u>1,429,699</u>	<u>472,500</u>	<u>182,422</u>	<u>243,687</u>	<u>143,856</u>	<u>23,569</u>	<u>374,929</u>
<u>1,378,409</u>	<u>439,150</u>	<u>166,391</u>	<u>228,236</u>	<u>212,367</u>	<u>21,705</u>	<u>351,704</u>
<u>1,378,409</u>	<u>439,150</u>	<u>166,391</u>	<u>228,236</u>	<u>212,367</u>	<u>21,705</u>	<u>351,704</u>
<u>51,290</u>	<u>33,350</u>	<u>16,031</u>	<u>15,451</u>	<u>(68,511)</u>	<u>1,864</u>	<u>23,225</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,290	33,350	16,031	15,451	(68,511)	1,864	23,225
<u>51,658</u>	<u>51,439</u>	<u>94,795</u>	<u>25,209</u>	<u>388,049</u>	<u>16,061</u>	<u>16,057</u>
<u>\$ 102,948</u>	<u>\$ 84,789</u>	<u>\$ 110,826</u>	<u>\$ 40,660</u>	<u>\$ 319,538</u>	<u>\$ 17,925</u>	<u>\$ 39,282</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Fire District Funds**  
**Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Cooksville Fire District Fund</u>	<u>Hickory Rural Fire District Fund</u>	<u>Total Fire District Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 99,355	\$ 319,097	\$ 4,970,646
Investment earnings	516	301	12,831
Total revenues	<u>99,871</u>	<u>319,398</u>	<u>4,983,477</u>
<b>Expenditures</b>			
Current			
Public safety	<u>91,354</u>	<u>309,007</u>	<u>4,692,177</u>
Total expenditures	<u>91,354</u>	<u>309,007</u>	<u>4,692,177</u>
Excess of revenue over (under) expenditures	<u>8,517</u>	<u>10,391</u>	<u>291,300</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	8,517	10,391	291,300
<b>Fund Balances - Beginning of Year</b>	<u>39,669</u>	<u>13,931</u>	<u>894,973</u>
<b>Fund Balances - End of Year</b>	<u>\$ 48,186</u>	<u>\$ 24,322</u>	<u>\$ 1,186,273</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Mountain View Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 423,592	\$ 456,543	\$ 32,951	\$ 431,752
Investment earnings	-	494	494	191
Total revenues	<u>423,592</u>	<u>457,037</u>	<u>33,445</u>	<u>431,943</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>427,110</u>	<u>427,110</u>	-	<u>420,840</u>
Total expenditures	<u>427,110</u>	<u>427,110</u>	-	<u>420,840</u>
Excess of revenues over (under) expenditures	(3,518)	29,927	33,445	11,103
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>3,518</u>	-	<u>(3,518)</u>	-
Total other financing sources (uses)	<u>3,518</u>	-	<u>(3,518)</u>	-
Net change in fund balance	<u>\$ -</u>	29,927	<u>\$ 29,927</u>	11,103
<b>Fund Balances - Beginning of Year</b>		<u>18,046</u>		<u>6,943</u>
<b>Fund Balances - End of Year</b>		<u>\$ 47,973</u>		<u>\$ 18,046</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Propst Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 200,688	\$ 221,941	\$ 21,253	\$ 203,832
Investment earnings	-	294	294	76
Total revenues	<u>200,688</u>	<u>222,235</u>	<u>21,547</u>	<u>203,908</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>205,791</u>	<u>205,791</u>	-	<u>200,339</u>
Total expenditures	<u>205,791</u>	<u>205,791</u>	-	<u>200,339</u>
Excess of revenues over (under) expenditures	(5,103)	16,444	21,547	3,569
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>5,103</u>	-	<u>(5,103)</u>	-
Total other financing sources (uses)	<u>5,103</u>	-	<u>(5,103)</u>	-
Net change in fund balance	<u>\$ -</u>	16,444	<u>\$ 16,444</u>	3,569
<b>Fund Balances - Beginning of Year</b>		<u>13,936</u>		<u>10,367</u>
<b>Fund Balances - End of Year</b>		<u>\$ 30,380</u>		<u>\$ 13,936</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**St. Stephens Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 602,866	\$ 647,671	\$ 44,805	\$ 616,873
Investment earnings	-	963	963	165
Total revenues	<u>602,866</u>	<u>648,634</u>	<u>45,768</u>	<u>617,038</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>602,866</u>	<u>602,866</u>	-	<u>653,326</u>
Total expenditures	<u>602,866</u>	<u>602,866</u>	-	<u>653,326</u>
Excess of revenues over (under) expenditures	-	45,768	45,768	(36,288)
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	45,768	<u>\$ 45,768</u>	(36,288)
<b>Fund Balances - Beginning of Year</b>		<u>43,471</u>		<u>79,759</u>
<b>Fund Balances - End of Year</b>		<u>\$ 89,239</u>		<u>\$ 43,471</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Conover Rural Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 75,626	\$ 79,776	\$ 4,150	\$ 75,818
Investment earnings	-	1,916	1,916	(391)
Total revenues	<u>75,626</u>	<u>81,692</u>	<u>6,066</u>	<u>75,427</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>75,626</u>	-	<u>75,626</u>	<u>19,712</u>
Total expenditures	<u>75,626</u>	-	<u>75,626</u>	<u>19,712</u>
Excess of revenues over (under) expenditures	-	81,692	81,692	55,715
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	81,692	<u>\$ 81,692</u>	55,715
<b>Fund Balances - Beginning of Year</b>		<u>101,455</u>		<u>45,740</u>
<b>Fund Balances - End of Year</b>		<u>\$ 183,147</u>		<u>\$ 101,455</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Oxford Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 258,087	\$ 283,462	\$ 25,375	\$ 267,351
Investment earnings	-	486	486	84
Total revenues	<u>258,087</u>	<u>283,948</u>	<u>25,861</u>	<u>267,435</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>258,087</u>	<u>258,087</u>	-	<u>255,315</u>
Total expenditures	<u>258,087</u>	<u>258,087</u>	-	<u>255,315</u>
Excess of revenues over (under) expenditures	-	25,861	25,861	12,120
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	25,861	<u>\$ 25,861</u>	12,120
<b>Fund Balances - Beginning of Year</b>		<u>21,197</u>		<u>9,077</u>
<b>Fund Balances - End of Year</b>		<u>\$ 47,058</u>		<u>\$ 21,197</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Sherrills Ford Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 1,359,374	\$ 1,428,389	\$ 69,015	\$ 1,376,010
Investment earnings	-	1,310	1,310	651
Total revenues	<u>1,359,374</u>	<u>1,429,699</u>	<u>70,325</u>	<u>1,376,661</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>1,378,409</u>	<u>1,378,409</u>	<u>-</u>	<u>1,388,700</u>
Total expenditures	<u>1,378,409</u>	<u>1,378,409</u>	<u>-</u>	<u>1,388,700</u>
Excess of revenues over (under) expenditures	(19,035)	51,290	70,325	(12,039)
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>19,035</u>	<u>-</u>	<u>(19,035)</u>	<u>-</u>
Total other financing sources (uses)	<u>19,035</u>	<u>-</u>	<u>(19,035)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	51,290	<u>\$ 51,290</u>	(12,039)
<b>Fund Balances - Beginning of Year</b>		<u>51,658</u>		<u>63,697</u>
<b>Fund Balances - End of Year</b>		<u>\$ 102,948</u>		<u>\$ 51,658</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Bandys Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 439,150	\$ 471,593	\$ 32,443	\$ 444,734
Investment earnings	-	907	907	118
Total revenues	<u>439,150</u>	<u>472,500</u>	<u>33,350</u>	<u>444,852</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>439,150</u>	<u>439,150</u>	-	<u>460,638</u>
Total expenditures	<u>439,150</u>	<u>439,150</u>	-	<u>460,638</u>
Excess of revenues over (under) expenditures	-	33,350	33,350	(15,786)
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	33,350	<u>\$ 33,350</u>	(15,786)
<b>Fund Balances - Beginning of Year</b>		<u>51,439</u>		<u>67,225</u>
<b>Fund Balances - End of Year</b>		<u>\$ 84,789</u>		<u>\$ 51,439</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Maiden Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 166,391	\$ 181,235	\$ 14,844	\$ 170,112
Investment earnings	-	1,187	1,187	(59)
Total revenues	<u>166,391</u>	<u>182,422</u>	<u>16,031</u>	<u>170,053</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>166,391</u>	<u>166,391</u>	-	<u>164,945</u>
Total expenditures	<u>166,391</u>	<u>166,391</u>	-	<u>164,945</u>
Excess of revenues over (under) expenditures	-	16,031	16,031	5,108
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	16,031	<u>\$ 16,031</u>	5,108
<b>Fund Balances - Beginning of Year</b>		<u>94,795</u>		<u>89,687</u>
<b>Fund Balances - End of Year</b>		<u>\$ 110,826</u>		<u>\$ 94,795</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Claremont Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 228,236	\$ 243,238	\$ 15,002	\$ 234,447
Investment earnings	-	449	449	72
Total revenues	<u>228,236</u>	<u>243,687</u>	<u>15,451</u>	<u>234,519</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>228,236</u>	<u>228,236</u>	-	<u>227,230</u>
Total expenditures	<u>228,236</u>	<u>228,236</u>	-	<u>227,230</u>
Excess of revenues over (under) expenditures	-	15,451	15,451	7,289
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	15,451	<u>\$ 15,451</u>	7,289
<b>Fund Balances - Beginning of Year</b>		<u>25,209</u>		<u>17,920</u>
<b>Fund Balances - End of Year</b>		<u>\$ 40,660</u>		<u>\$ 25,209</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Catawba Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 129,867	\$ 140,456	\$ 10,589	\$ 133,616
Investment earnings	-	3,400	3,400	(497)
Total revenues	<u>129,867</u>	<u>143,856</u>	<u>13,989</u>	<u>133,119</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>212,367</u>	<u>212,367</u>	-	<u>144,439</u>
Total expenditures	<u>212,367</u>	<u>212,367</u>	-	<u>144,439</u>
Excess of revenues over (under) expenditures	(82,500)	(68,511)	13,989	(11,320)
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>82,500</u>	-	<u>(82,500)</u>	-
Total other financing sources (uses)	<u>82,500</u>	-	<u>(82,500)</u>	-
Net change in fund balance	<u>\$ -</u>	(68,511)	<u>\$ (68,511)</u>	(11,320)
<b>Fund Balances - Beginning of Year</b>		<u>388,049</u>		<u>399,369</u>
<b>Fund Balances - End of Year</b>		<u>\$ 319,538</u>		<u>\$ 388,049</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Long View Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 21,705	\$ 23,373	\$ 1,668	\$ 22,317
Investment earnings	-	196	196	(13)
Total revenues	<u>21,705</u>	<u>23,569</u>	<u>1,864</u>	<u>22,304</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>21,705</u>	<u>21,705</u>	-	<u>21,142</u>
Total expenditures	<u>21,705</u>	<u>21,705</u>	-	<u>21,142</u>
Excess of revenues over (under) expenditures	-	1,864	1,864	1,162
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	1,864	<u>\$ 1,864</u>	1,162
<b>Fund Balances - Beginning of Year</b>		<u>16,061</u>		<u>14,899</u>
<b>Fund Balances - End of Year</b>		<u>\$ 17,925</u>		<u>\$ 16,061</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Newton Rural Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 347,957	\$ 374,517	\$ 26,560	\$ 357,368
Investment earnings	-	412	412	149
Total revenues	<u>347,957</u>	<u>374,929</u>	<u>26,972</u>	<u>357,517</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>351,704</u>	<u>351,704</u>	-	<u>353,764</u>
Total expenditures	<u>351,704</u>	<u>351,704</u>	-	<u>353,764</u>
Excess of revenues over (under) expenditures	(3,747)	23,225	26,972	3,753
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>3,747</u>	-	<u>(3,747)</u>	-
Total other financing sources (uses)	<u>3,747</u>	-	<u>(3,747)</u>	-
Net change in fund balance	<u>\$ -</u>	23,225	<u>\$ 23,225</u>	3,753
<b>Fund Balances - Beginning of Year</b>		<u>16,057</u>		<u>12,304</u>
<b>Fund Balances - End of Year</b>		<u>\$ 39,282</u>		<u>\$ 16,057</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Cooksville Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 91,354	\$ 99,355	\$ 8,001	\$ 92,061
Investment earnings	-	516	516	(15)
Total revenues	<u>91,354</u>	<u>99,871</u>	<u>8,517</u>	<u>92,046</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>91,354</u>	<u>91,354</u>	-	<u>89,902</u>
Total expenditures	<u>91,354</u>	<u>91,354</u>	-	<u>89,902</u>
Excess of revenues over (under) expenditures	-	8,517	8,517	2,144
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	8,517	<u>\$ 8,517</u>	2,144
<b>Fund Balances - Beginning of Year</b>		<u>39,669</u>		<u>37,525</u>
<b>Fund Balances - End of Year</b>		<u>\$ 48,186</u>		<u>\$ 39,669</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Hickory Rural Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 303,283	\$ 319,097	\$ 15,814	\$ 306,053
Investment earnings	-	301	301	140
Total revenues	<u>303,283</u>	<u>319,398</u>	<u>16,115</u>	<u>306,193</u>
<b>Expenditures</b>				
Public safety				
Transmitted to fire department	<u>309,007</u>	<u>309,007</u>	<u>-</u>	<u>299,359</u>
Total expenditures	<u>309,007</u>	<u>309,007</u>	<u>-</u>	<u>299,359</u>
Excess of revenues over (under) expenditures	(5,724)	10,391	16,115	6,834
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	<u>5,724</u>	<u>-</u>	<u>(5,724)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,724</u>	<u>-</u>	<u>(5,724)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	10,391	<u>\$ 10,391</u>	6,834
<b>Fund Balances - Beginning of Year</b>		<u>13,931</u>		<u>7,097</u>
<b>Fund Balances - End of Year</b>		<u>\$ 24,322</u>		<u>\$ 13,931</u>

## Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital projects.

### Non Major Funds

#### *School Capital Projects Fund -*

To account for the financing and construction of major capital projects for the three school systems and community college in the County.

#### *School Bond Fund - 1997 Series -*

To account for the construction of major capital projects for the three school systems in the County to be paid for out of bond proceeds.

#### *Hospital Construction Fund -*

To account for the financing and construction of major capital projects for Catawba Valley Medical Center.

#### *Hospital Capital Reserve Fund -*

To account for the accumulation of funds for the financing and construction of major capital projects for Catawba Valley Medical Center. A legally budgeted Hospital Capital Reserve Fund is consolidated into the Hospital Construction Fund for reporting purposes.

### Major Funds

#### *General Capital Projects Fund -*

To account for the financing and construction of major general government capital projects.

#### *School Construction Fund -*

To account for the financing and construction of major capital projects for the three school systems and community college in the County.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	<u>School Capital Fund</u>	<u>School Bond Fund - 1997 Series Fund</u>	<u>Hospital Construction Fund</u>	<u>Total Nonmajor Capital Projects Fund</u>
<b>Assets</b>				
Cash and investments	\$ 6,632,391	\$ -	\$ 5,474,127	\$ 12,106,518
Due from other governments	1,221,982	-	-	1,221,982
Interest receivables	14,998	-	12,465	27,463
Total assets	<u>7,869,371</u>	<u>-</u>	<u>5,486,592</u>	<u>13,355,963</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>166,652</u>	-	-	<u>166,652</u>
Total liabilities	<u>166,652</u>	<u>-</u>	<u>-</u>	<u>166,652</u>
<b>Fund Balance</b>				
Restricted				
Stabilization by State Statute	1,236,980	-	12,465	1,249,445
Hospital Capital	-	-	5,449,956	5,449,956
Committed				
School Capital	6,465,739	-	-	6,465,739
Hospital Construction	-	-	24,171	24,171
Total fund balances	<u>7,702,719</u>	<u>-</u>	<u>5,486,592</u>	<u>13,189,311</u>
Total liabilities and fund balances	<u>\$ 7,869,371</u>	<u>\$ -</u>	<u>\$ 5,486,592</u>	<u>\$ 13,355,963</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2014**

	<b>School Capital Fund</b>	<b>School Bond Fund - 1997 Series Fund</b>	<b>Hospital Construction Fund</b>	<b>Total Nonmajor Capital Projects Fund</b>
<b>Revenues</b>				
Other taxes	\$ 4,107,873	\$ -	\$ -	\$ 4,107,873
Restricted intergovernmental revenues	666,433	-	-	666,433
Investment earnings	67,612	-	60,020	127,632
Total revenues	<u>4,841,918</u>	<u>-</u>	<u>60,020</u>	<u>4,901,938</u>
<b>Expenditures</b>				
Capital outlay	<u>4,272,880</u>	<u>-</u>	<u>-</u>	<u>4,272,880</u>
Total expenditures	<u>4,272,880</u>	<u>-</u>	<u>-</u>	<u>4,272,880</u>
Excess of revenues over (under) expenditures	<u>569,038</u>	<u>-</u>	<u>60,020</u>	<u>629,058</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	69,507	-	-	69,507
Transfers to other funds	(50,000)	(69,507)	-	(119,507)
Total other financing sources (uses)	<u>19,507</u>	<u>(69,507)</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	588,545	(69,507)	60,020	579,058
<b>Fund Balances - Beginning of Year</b>	<u>7,114,174</u>	<u>69,507</u>	<u>5,426,572</u>	<u>12,610,253</u>
<b>Fund Balances - End of Year</b>	<u>\$ 7,702,719</u>	<u>\$ -</u>	<u>\$ 5,486,592</u>	<u>\$ 13,189,311</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**School Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues</b>					
Other taxes					
Sales Taxes-Article 40 and 42	\$ 9,337,013	\$ 13,168,763	\$ 4,107,873	\$ 17,276,636	\$ 7,939,623
Restricted intergovernmental revenues					
Public School Building Lottery Fund	1,669,844	368,930	666,433	1,035,363	(634,481)
Investment earnings	7,187,351	3,577,392	67,612	3,645,004	(3,542,347)
Miscellaneous					
Partnership for Children	30,000	61,952	-	61,952	31,952
Total revenues	<u>18,224,208</u>	<u>17,177,037</u>	<u>4,841,918</u>	<u>22,018,955</u>	<u>3,794,747</u>
<b>Expenditures</b>					
Capital outlay					
Catawba County Schools					
Activity Buses	502,214	162,214	340,000	502,214	-
Arndt Middle School Addition	125,000	123,912		123,912	1,088
Arndt Middle School Boiler	110,000	3,750	101,416	105,166	4,834
Arndt Middle School Fire Alarm	80,000	37,125	42,875	80,000	-
Camera Security/Electrical Doors	485,000	-	98,191	98,191	386,809
Capital Projects Manager	33,092	-	33,092	33,092	-
Fire Alarm Upgrades	244,000	-	72,201	72,201	171,799
Gymnasium Floors	120,000	3,000	100,163	103,163	16,837
HVAC Controls System Upgrade	669,990	384,041	67,548	451,589	218,401
Jacobs Fork Middle School Hydronic Piping	25,000	-	20,935	20,935	4,065
Maiden Elementary Cooling Tower	150,000	-	-	-	150,000
Maiden Middle School Renovations	60,000	-	42,112	42,112	17,888
Maiden Middle School Tennis Courts	70,000	-	-	-	70,000
Maintenance Vehicles	90,000	-	90,000	90,000	-
Parking Lot Paving	220,000	-	-	-	220,000
Per Capita Allocation	887,432	-	887,432	887,432	-
Propst Crossroads School Land	500,000	-	-	-	500,000
River Bend Middle School Water Supply	85,000	-	108	108	84,892
Roof Guttering	120,000	-	-	-	120,000
Roofing Projects	1,814,432	1,369,209	150,160	1,519,369	295,063
Sewer Development	89,000	-	-	-	89,000
St. Stephens High School Bleachers	3,900,000	3,377,214	522,786	3,900,000	-
St. Stephens High School Chiller	125,000	116,267	6,700	122,967	2,033
St. Stephens High School HVAC Piping	350,220	98,190	59,215	157,405	192,815
St. Stephens High School Football Lights	75,000	-	74,749	74,749	251
Sweetwater Early Childhood Center	159,000	61,952	-	61,952	97,048
Tuttle Elementary Renovation	34,780	-	34,780	34,780	-
Webb Murray Elementary Computers	107,384	84,366	-	84,366	23,018
Webb Murray Elementary Renovation Planning	20,000	13,291	4,427	17,718	2,282
Total Catawba County Schools	<u>11,251,544</u>	<u>5,834,531</u>	<u>2,748,890</u>	<u>8,583,421</u>	<u>2,668,123</u>
Catawba Valley Community College					
American with Disabilities Act Renovations	195,000	-	16,314	16,314	178,686
Auditorium Renovations	70,000	-	70,000	70,000	-
Fire Alarm Upgrade	155,000	125,000	21,995	146,995	8,005
General Renovations	2,254,706	2,103,987	150,719	2,254,706	-
Maintenance Van	20,000	-	20,000	20,000	-
Safety System	225,000	-	79,508	79,508	145,492
Total Catawba Valley Community College	<u>2,919,706</u>	<u>2,228,987</u>	<u>358,536</u>	<u>2,587,523</u>	<u>332,183</u>
Hickory Public Schools					
Hickory Career Magnet School Air Conditioning	300,000	157,530	142,470	300,000	-
HVAC Controls Upgrades	155,000	-	32,938	32,938	122,062
Jenkins Elementary Fencing	22,112	6,196	15,916	22,112	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**School Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Jenkins Elementary Walkways	31,227	-	31,227	31,227	-
Oakwood Elementary Gymnasium	110,000	-	29,685	29,685	80,315
Oakwood Elementary Stairs	30,000	29,783	-	29,783	217
Per Capita Allocation	177,708	-	177,708	177,708	-
Rekeying Locks	80,000	-	74,879	74,879	5,121
Security Upgrades	275,000	-	155,257	155,257	119,743
Southwest Elementary Mechanical Upgrades	215,000	-	195,964	195,964	19,036
<b>Total Hickory Public Schools</b>	<u>1,396,047</u>	<u>193,509</u>	<u>856,044</u>	<u>1,049,553</u>	<u>346,494</u>
<b>Newton-Conover City Schools</b>					
Asbestos Removal	111,032	95,625	500	96,125	14,907
Capital Projects Manager	54,663	-	50,403	50,403	4,260
Fire Alarm Upgrades	60,000	-	34,805	34,805	25,195
NC Middle School to Elementary	993,561	982,469	-	982,469	11,092
Per Capita Allocation	155,844	-	155,844	155,844	-
Roofing Projects	832,272	775,446	1,246	776,692	55,580
Security Upgrades	140,000	-	46,389	46,389	93,611
South Newton Elementary Furnishings	300,000	-	-	-	300,000
Summit System	18,750	-	-	-	18,750
Technology Van	58,000	-	20,223	20,223	37,777
<b>Total Newton-Conover City Schools</b>	<u>2,724,122</u>	<u>1,853,540</u>	<u>309,410</u>	<u>2,162,950</u>	<u>561,172</u>
<b>Total expenditures</b>	<u>18,291,419</u>	<u>10,110,567</u>	<u>4,272,880</u>	<u>14,383,447</u>	<u>3,907,972</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(67,211)</u>	<u>7,066,470</u>	<u>569,038</u>	<u>7,635,508</u>	<u>7,702,719</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
School Construction Fund	47,704	47,704	-	47,704	-
School 1997 Bond Fund	69,507	-	69,507	69,507	-
Transfers to					
General Fund	(50,000)	-	(50,000)	(50,000)	-
<b>Total other financing sources (uses)</b>	<u>67,211</u>	<u>47,704</u>	<u>19,507</u>	<u>67,211</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 7,114,174</u>	<u>588,545</u>	<u>\$ 7,702,719</u>	<u>\$ 7,702,719</u>
<b>Fund Balances - Beginning of Year</b>			<u>7,114,174</u>		
<b>Fund Balances - End of Year</b>			<u>\$ 7,702,719</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**School Bond Fund - 1997 Series**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project</u>		<b>Actual</b>		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Over/Under</u>
<b>Revenues</b>					
Investment earnings	\$ 69,507	\$ 69,507	\$ -	\$ 69,507	\$ -
<b>Expenditures</b>					
Capital Outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of revenues over (under) expenditures	69,507	69,507	-	69,507	-
<b>Other Financing Sources (Uses)</b>					
Transfer to school capital fund	(69,507)	-	(69,507)	(69,507)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 69,507</u>	(69,507)	<u>-</u>	<u>-</u>
<b>Fund Balances - Beginning of Year</b>			<u>69,507</u>		
<b>Fund Balances - End of Year</b>			<u>\$ -</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Hospital Construction Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2014**

	Project Authorization	Actual			Over/ Under
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Investment earnings	\$ -	\$ 23,732	\$ 564	\$ 24,296	\$ 24,296
<b>Expenditures</b>					
Capital outlay	-	-	-	-	-
Excess of revenues over (under) expenditures	-	23,732	564	24,296	24,296
Net change in fund balance	\$ -	\$ 23,732	564	\$ 24,296	\$ 24,296
<b>Fund Balances - Beginning of Year</b>			23,732		
<b>Fund Balances - End of Year</b>			24,296		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the Hospital Capital Reserve Fund:					
Investment Earnings			59,456		
Fund Balance - Beginning (Hospital Capital Reserve Fund)			5,402,840		
Fund Balance - Ending (Consolidated Hospital Construction Fund)			\$ 5,486,592		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Hospital Capital Reserve Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ 59,456	\$ 59,456	\$ (7,805)
Total revenues	<u>-</u>	<u>59,456</u>	<u>59,456</u>	<u>(7,805)</u>
<b>Expenditures</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>59,456</u>	<u>59,456</u>	<u>(7,805)</u>
<b>Other Financing Sources (Uses)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>59,456</u>	<u>\$ 59,456</u>	<u>(7,805)</u>
<b>Fund Balances - Beginning of Year</b>		<u>5,402,840</u>		<u>5,410,645</u>
<b>Fund Balances - End of Year</b>		<u>\$ 5,462,296</u>		<u>\$ 5,402,840</u>



**CATAWBA COUNTY, NORTH CAROLINA**  
**General Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues</b>					
Other Taxes					
Sales Taxes - Article 46-one quarter of one percent	\$ 14,327,055	\$ 11,611,891	\$ 2,679,230	\$ 14,291,121	\$ (35,934)
Restricted intergovernmental revenues					
Municipalities Grants	89,170	45,885	43,304	89,189	19
NC Department of Natural Resources Clean Water Management Trust - CWMTF 2008-006	2,060,272	2,060,272	-	2,060,272	-
Parks and Recreation grant	125,000	125,000	-	125,000	-
Investment earnings	3,095,339	6,067,163	366,554	6,433,717	3,338,378
Miscellaneous					
Animal Shelter	-	7,766	-	7,766	7,766
Duke Energy	1,119,588	1,119,588	-	1,119,588	-
Library Donations	-	-	12,768	12,768	12,768
Miscellaneous	298,138	154,213	-	154,213	(143,925)
Park Donations	153,175	150	87,000	87,150	(66,025)
Rental - Jail Beds	2,150,000	2,631,745	552,092	3,183,837	1,033,837
Rental - Lifeskills	69,928	123,760	-	123,760	53,832
<b>Total revenues</b>	<b>23,487,665</b>	<b>23,947,433</b>	<b>3,740,948</b>	<b>27,688,381</b>	<b>4,200,716</b>
<b>Expenditures</b>					
Capital outlay					
Animal Shelter - New	4,200,000	1,325,571	2,692,933	4,018,504	181,496
Animal Shelter (former) Renovation	350,000	-	-	-	350,000
Bandys EMS Addition	321,520	-	-	-	321,520
Bunker Hill Covered Bridge	194,305	-	-	-	194,305
Carolina Thread Trail	87,000	-	-	-	87,000
Economic Development	1,000,659	-	-	-	1,000,659
Emergency Services Hazmat Truck	300,000	-	-	-	300,000
Employment Security Commission Building	150,000	40,071	-	40,071	109,929
Future EMS Base	236,000	-	-	-	236,000
Future Unspecified Projects	406,465	-	-	-	406,465
General Renovations	1,155,129	1,051,707	-	1,051,707	103,422
Jail Expansion	1,832,423	-	-	-	1,832,423
Jail Expansion - Federal Beds	550,000	-	-	-	550,000
Justice Center Expansion/Public Safety	44,029,902	2,677,123	5,507,565	8,184,688	35,845,214
Justice Center HVAC Controls	440,000	-	84,214	84,214	355,786
Lifeskills Building Maintenance	69,928	-	-	-	69,928
Microsoft Software Licensing	1,665,000	1,411,847	164,153	1,576,000	89,000
Mountain Creek Park	3,629,860	3,361,835	-	3,361,835	268,025
Multi-jurisdictional Data Park	2,600,000	-	294,442	294,442	2,305,558
Oblique Photography	245,000	94,800	53,996	148,796	96,204
Permitting/Inspections System	820,000	724,406	-	724,406	95,594
Public Health Billing Software	94,883	74,883	20,000	94,883	-
Rescue Squad - Newton-Conover	120,000	-	-	-	120,000
Riverbend Park Renovation	285,000	275,574	-	275,574	9,426
Roofing Projects	526,727	182,874	66,039	248,913	277,814
Sherrills Ford Library	3,165,800	231,198	2,196,837	2,428,035	737,765
Snow Creek Park Gardens	210,000	208,642	-	208,642	1,358
Tax Software	1,052,000	942,770	109,230	1,052,000	-
Technology Infrastructure Upgrades	2,168,100	1,828,908	313,715	2,142,623	25,477
UPS Server Cooling	127,000	-	-	-	127,000
Viper 800mhz System	396,146	389,082	-	389,082	7,064
Voting Equipment	1,124,000	1,112,689	-	1,112,689	11,311

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Total expenditures	<u>73,552,847</u>	<u>15,933,980</u>	<u>11,503,124</u>	<u>27,437,104</u>	<u>46,115,743</u>
Excess of revenues over (under) expenditures	<u>(50,065,182)</u>	<u>8,013,453</u>	<u>(7,762,176)</u>	<u>251,277</u>	<u>50,316,459</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General Fund	15,392,381	13,664,604	1,727,777	15,392,381	-
General Capital Reserve Fund	225,156	225,156	-	225,156	-
Emergency Telephone Fund Transfer	2,863,015	2,863,015	-	2,863,015	-
Park Preservation Fund	498,130	472,000	26,130	498,130	-
Sales of Capital Assets	24,000	322,428	-	322,428	298,428
Department of Commerce loan issued (Grant 12-L-2401)	2,600,000	2,600,000	-	2,600,000	-
Installment purchase issued	6,176,446	4,850,000	-	4,850,000	(1,326,446)
Limited obligation bonds issued	20,125,000	-	20,125,000	20,125,000	-
Premium on debt issued	2,161,054	-	2,161,054	2,161,054	-
Total other financing sources (uses)	<u>50,065,182</u>	<u>24,997,203</u>	<u>24,039,961</u>	<u>49,037,164</u>	<u>(1,028,018)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 33,010,656</u>	<u>16,277,785</u>	<u>\$ 49,288,441</u>	<u>\$ 49,288,441</u>
<b>Fund Balances - Beginning of Year</b>			<u>33,010,656</u>		
<b>Fund Balances - End of Year</b>			<u>\$ 49,288,441</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**School Construction Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	Project Authorization	Actual			Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental revenues					
Public School Building Lottery Fund	\$ 608,149	\$ 608,149	\$ -	\$ 608,149	\$ -
Investment earnings	1,281,443	1,164,869	62,580	1,227,449	(53,994)
Total revenues	<u>1,889,592</u>	<u>1,773,018</u>	<u>62,580</u>	<u>1,835,598</u>	<u>(53,994)</u>
<b>Expenditures</b>					
Catawba County Schools					
Webb Murray Elementary Renovation	5,776,800	5,397,966	368,326	5,766,292	10,508
Total Catawba County Schools	<u>5,776,800</u>	<u>5,397,966</u>	<u>368,326</u>	<u>5,766,292</u>	<u>10,508</u>
Catawba Valley Community College					
Campus Renovation	3,500,000	995,715	2,504,285	3,500,000	-
East Campus Renovation	2,261,859	2,200,414	61,445	2,261,859	-
Vocational Building	16,700,000	146,467	38,621	185,088	16,514,912
Total Catawba Valley Community College	<u>22,461,859</u>	<u>3,342,596</u>	<u>2,604,351</u>	<u>5,946,947</u>	<u>16,514,912</u>
Hickory Public Schools					
Longview Elementary	12,004,669	3,263,779	7,448,154	10,711,933	1,292,736
Total Hickory Public Schools	<u>12,004,669</u>	<u>3,263,779</u>	<u>7,448,154</u>	<u>10,711,933</u>	<u>1,292,736</u>
Newton-Conover City Schools					
Newton-Conover Middle School Construction	19,915,000	19,634,127	109,120	19,743,247	171,753
Newton-Conover Middle School to Elementary	1,085,000	1,048,972	32,428	1,081,400	3,600
South Newton Elementary	11,590,580	2,831,056	7,003,768	9,834,824	1,755,756
Total Newton-Conover City Schools	<u>32,590,580</u>	<u>23,514,155</u>	<u>7,145,316</u>	<u>30,659,471</u>	<u>1,931,109</u>
Other					
Future Projects	850,000	-	-	-	850,000
Future Debt Service	5,604,553	-	-	-	5,604,553
Total Other	<u>6,454,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,454,553</u>
Total expenditures	<u>79,288,461</u>	<u>35,518,496</u>	<u>17,566,147</u>	<u>53,084,643</u>	<u>26,203,818</u>
Excess of revenues over (under) expenditures	<u>(77,398,869)</u>	<u>(33,745,478)</u>	<u>(17,503,567)</u>	<u>(51,249,045)</u>	<u>26,149,824</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General Fund	5,581,136	4,537,833	1,043,303	5,581,136	-
School Capital Fund	177,400	177,400	-	177,400	-
Transfers to					
General Fund	(6,612)	(6,612)	-	(6,612)	-
School Capital Fund	(47,704)	(47,704)	-	(47,704)	-
Installment Purchase Obligations Issued 2014	15,700,000	-	-	-	(15,700,000)
Installment Purchase Obligations Issued 2013	26,615,250	23,615,250	-	23,615,250	(3,000,000)
Installment Purchase Obligations Issued 2012	1,502,599	1,502,599	-	1,502,599	-
Build America Bonds 2010	5,791,447	5,791,447	-	5,791,447	-
Qualified School Construction Bonds 2011	5,776,800	5,776,800	-	5,776,800	-
Qualified School Construction Bonds 2010	16,308,553	16,308,553	-	16,308,553	-
Total other financing sources (uses)	<u>77,398,869</u>	<u>57,655,566</u>	<u>1,043,303</u>	<u>58,698,869</u>	<u>(18,700,000)</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**School Construction Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Net change in fund balance	\$ -	\$ 23,910,088	(16,460,264)	\$ 7,449,824	\$ 7,449,824
<b>Fund Balances - Beginning of Year as previously reported</b>			25,680,303		
Restatement (Note 9)			(1,770,215)		
<b>Fund Balances - Beginning of Year as restated</b>			23,910,088		
<b>Fund Balances - End of Year</b>			\$ 7,449,824		



**Enterprise Fund**  
(Proprietary Fund Type)

To account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

*Solid Waste Management Fund -*

To account for the operations of the County's solid waste activities.

*Solid Waste Management Construction Fund -*

To account for the financing and construction of all major solid waste capital projects.

*Water and Sewer Fund -*

To account for the County's water and sewer activities.

*Water and Sewer Construction Fund -*

To account for the financing and construction of all major water and sewer capital projects in the unincorporated sections of the County.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Solid Waste Management Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Operating revenues				
Charges for services				
Solid waste charges	\$ 4,301,221	\$ 4,714,821		
Methane recovery	621,600	784,241		
Other operating	87,200	70,750		
Total operating revenues	<u>5,010,021</u>	<u>5,569,812</u>	<u>559,791</u>	<u>5,478,454</u>
Nonoperating revenues				
Investment earnings	-	185,797		
Tire disposal tax	150,000	187,319		
Solid waste disposal tax	69,700	62,391		
White goods disposal tax	47,000	47,833		
Scrap tire grant	34,000	35,570		
FEMA - disaster recovery funds	66,464	66,464		
Electronics management distribution	9,000	10,327		
Proceeds from sale of equipment	5,000	-		
Miscellaneous	800	4,565		
Total nonoperating revenues	<u>381,964</u>	<u>600,266</u>	<u>218,302</u>	<u>414,199</u>
Total revenues	<u>5,391,985</u>	<u>6,170,078</u>	<u>778,093</u>	<u>5,892,653</u>
<b>Expenditures</b>				
Solid Waste Management				
Administration				
Salaries & employee benefits	237,671	238,687		
Other operating	285,331	278,611		
	<u>523,002</u>	<u>517,298</u>	<u>5,704</u>	<u>502,245</u>
Recycling				
Other operating	99,090	55,407		
	<u>99,090</u>	<u>55,407</u>	<u>43,683</u>	<u>208,464</u>
Solid Waste Management Improvements				
Other operating	838,309	185,168		
	<u>838,309</u>	<u>185,168</u>	<u>653,141</u>	<u>126,909</u>
Solid Waste Code Enforcement				
Salaries & employee benefits	77,865	66,506		
Other operating	45,586	7,892		
	<u>123,451</u>	<u>74,398</u>	<u>49,053</u>	<u>63,756</u>
Biodiesel and Freon Recovery				
Other operating	44,125	35,540		
	<u>44,125</u>	<u>35,540</u>	<u>8,585</u>	<u>35,158</u>
Sanitary Landfill				
Salaries & employee benefits	1,117,791	1,089,038		
Other operating	1,835,430	1,539,988		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Solid Waste Management Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
	<u>2,953,221</u>	<u>2,629,026</u>	<u>324,195</u>	<u>2,385,423</u>
Convenience Centers				
Other operating	15,695	1,100		
	<u>15,695</u>	<u>1,100</u>	<u>14,595</u>	<u>315,106</u>
Blackburn Landfill - Methane Recovery				
Salaries & employee benefits	121,662	122,982		
Other operating	654,360	619,296		
	<u>776,022</u>	<u>742,278</u>	<u>33,744</u>	<u>596,080</u>
Total operating expenditures	<u>5,372,915</u>	<u>4,240,215</u>	<u>1,132,700</u>	<u>4,233,141</u>
Capital outlay	<u>268,286</u>	<u>301,774</u>	<u>(33,488)</u>	<u>870,999</u>
Total expenditures	<u>5,641,201</u>	<u>4,541,989</u>	<u>1,099,212</u>	<u>5,104,140</u>
Excess of revenues over (under) expenditures	<u>(249,216)</u>	<u>1,628,089</u>	<u>1,877,305</u>	<u>788,513</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from General fund	1,565	1,565	-	
Transfer to Solid Waste Capital Fund	(1,550,000)	(1,550,000)		
Fund balance appropriated	1,797,651	-	(1,797,651)	
Total other financing sources (uses)	<u>249,216</u>	<u>(1,548,435)</u>	<u>(1,797,651)</u>	<u>-</u>
Change in net assets	<u>\$ -</u>	<u>\$ 79,654</u>	<u>\$ 79,654</u>	<u>\$ 788,513</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Change in net assets		<u>\$ 79,654</u>		
Reconciling items				
Capital outlay		301,774		
Expenses not capitalized		(7,520)		
Depreciation		(719,787)		
(Increase) decrease in accrued landfill closure and postclosure care		(175,000)		
(Increase) decrease in compensated absences		(1,853)		
(Increase) decrease in net OPEB obligation		(22,588)		
Revenues from capital projects		24,691		
Transfers from capital projects		1,550,000		
Total reconciling items		<u>949,717</u>		
Change in net assets (Exhibit 7) (full accrual)		<u>\$ 1,029,371</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Solid Waste Management Capital Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Year Ended June 30, 2014**

	<b>Project Authorization</b>	<b>Actual</b>			<b>Over/Under</b>
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>Revenues</b>					
North Carolina Biofuels Grant	\$ 15,000	\$ -	\$ -	\$ -	\$ (15,000)
Landfill user fees	1,918,377	1,918,377	-	1,918,377	-
Investment earnings	-	6,129	24,691	30,820	30,820
Total revenues	<u>1,933,377</u>	<u>1,924,506</u>	<u>24,691</u>	<u>1,949,197</u>	<u>15,820</u>
<b>Expenditures</b>					
Capital outlay					
Crop Processing Facility	980,790	961,120	18,211	979,331	1,459
EcoComplex Facility	500,000	251,269	27,020	278,289	221,711
Heat Exchange Facility	75,000	11,470	-	11,470	63,530
Methane Gas Skid & Flare	800,000	-	-	-	800,000
Subtitle D Cell Construction	1,027,587	-	-	-	1,027,587
Wood Gasification Facility	100,000	21,465	-	21,465	78,535
Total expenditures	<u>3,483,377</u>	<u>1,245,324</u>	<u>45,231</u>	<u>1,290,555</u>	<u>2,192,822</u>
Excess of revenues over (under) expenditures	<u>(1,550,000)</u>	<u>679,182</u>	<u>(20,540)</u>	<u>658,642</u>	<u>2,208,642</u>
<b>Other Financing Sources (Uses)</b>					
Transfer from Solid Waste Operating	<u>1,550,000</u>	<u>-</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,550,000</u>	<u>-</u>	<u>1,550,000</u>	<u>1,550,000</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 679,182</u>	<u>\$ 1,529,460</u>	<u>\$ 2,208,642</u>	<u>\$ 2,208,642</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Water and Sewer Fund**  
**Schedule of Revenues, Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**With Comparative Actual Amounts For Fiscal Year Ended June 30, 2013**

	<u>2014</u>			<u>Actual Prior Year</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>	
<b>Revenues</b>				
Operating revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenues				
Sales Taxes - Article 46 - one quarter of one percent	1,334,032	1,359,558		
Municipality revenue	500,000	766,725		
Domestic Haulers	35,350	67,927		
Capital fees	44,000	19,000		
Investment earnings	-	146,674		
Total nonoperating revenues	<u>1,913,382</u>	<u>2,359,884</u>	<u>446,502</u>	<u>2,171,959</u>
Total revenues	<u>1,913,382</u>	<u>2,359,884</u>	<u>446,502</u>	<u>2,171,959</u>
<b>Expenditures</b>				
Water and Sewer				
Water and Sewer Administration				
Salaries & employee benefits	81,691	81,166		
Other operating	1,553,595	447,976		
Principal	985,314	969,775		
Interest	347,795	337,595		
Total expenditures	<u>2,968,395</u>	<u>1,836,512</u>	<u>(1,131,883)</u>	<u>878,219</u>
Excess of revenues over (under) expenditures	<u>(1,055,013)</u>	<u>523,372</u>	<u>1,578,385</u>	<u>1,293,740</u>
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	1,055,013	-		
Total other financing sources (uses)	<u>1,055,013</u>	<u>-</u>	<u>(1,055,013)</u>	<u>245,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 523,372</u>	<u>\$ 523,372</u>	<u>\$ 1,538,740</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net change in fund balance		<u>\$ 523,372</u>		
<b>Reconciling items</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 523,372		
Depreciation		(214,248)		
Loan principal		969,775		
Loss on fixed assets		(574)		
Revenues from capital projects		1,991,585		
(Increase) decrease in compensated absences		(1,146)		
(Increase) decrease in net OPEB obligation		(837)		
Project expenditures not capitalized		<u>(529,307)</u>		
Change in net assets		<u>\$ 2,738,620</u>		

**CATAWBA COUNTY, NORTH CAROLINA**  
**Water and Sewer Capital Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues</b>					
Other Taxes					
Sales Taxes - Article 46 - one quarter of one percent	\$ 1,274,087	\$ 1,281,124	\$ -	\$ 1,281,124	\$ 7,037
Restricted intergovernmental revenues					
American Recovery and Reinvestment Act	1,500,000	1,500,000	-	1,500,000	-
Community Development Block Grants (CDBG)					
Old Shelby Road (12-C-2512)	750,000	-	45,255	45,255	(704,745)
State Clean Water Grant (E-SRG-T-02-0139)	1,633,742	1,552,055	81,687	1,633,742	-
Municipal Revenue	82,224	82,224	-	82,224	-
Investment earnings	-	1,491,335	264,643	1,755,978	1,755,978
Miscellaneous					
Domestic Haulers	80,104	136,017	-	136,017	55,913
Southeastern County Water Project	12,141	-	-	-	(12,141)
<b>Total revenues</b>	<u>5,332,298</u>	<u>6,042,755</u>	<u>391,585</u>	<u>6,434,340</u>	<u>1,102,042</u>
<b>Expenditures</b>					
Capital outlay					
Balls Creek Water Phase I	645,886	-	-	-	645,886
Balls Creek Water Phase II	1,996,019	-	9,000	9,000	1,987,019
Blackburn Elementary Water	580,000	-	-	-	580,000
Blackburn/Plateau Water	3,780,600	3,102,288	-	3,102,288	678,312
Bunker Hill Bridge Water	350,000	-	22,200	22,200	327,800
Community Development Block Grants (CDBG)					
Old Shelby Road (12-C-2512)	813,000	-	62,748	62,748	750,252
Community Road Water	300,000	-	-	-	300,000
County Complex Water and Sewer	116,000	69,955	(13,298)	56,657	59,343
State Clean Water Grants					
Bunker Hill Sewer (E-SRG-T-02-0139)	2,768,734	2,153,141	52	2,153,193	615,541
EcoComplex Utilities	75,000	-	-	-	75,000
EPA Stormwater Phase II	250,000	45,724	18,845	64,569	185,431
Farmfield Acres Water	230,000	-	-	-	230,000
Heatherbrook Subdivision Water	289,000	171,238	34,782	206,020	82,980
Hwy 16 North Water	370,000	-	-	-	370,000
Hwy 150 Water Service	34,951	-	-	-	34,951
Hwy 150 Sewer Service	8,000,000	3,149,215	4,328,944	7,478,159	521,841
Hwy 150 Sewer Service Phase I and II	935,329	-	21,156	21,156	914,173
Landsdown Sewer	657,000	-	-	-	657,000
Landsdown Water	293,000	-	-	-	293,000
Leeland Terrace Subdivision Water	213,226	87,726	-	87,726	125,500
Mountain View Elementary Water	30,000	-	28,800	28,800	1,200
Ramseur Road Water	97,500	10,475	78,768	89,243	8,257
Regional Biosolids Facility	1,669,367	962,923	-	962,923	706,444
Southeastern Catawba County Water					
Improvements	12,141	-	-	-	12,141
Sludge Composting Project	2,668,246	1,717,733	361,895	2,079,628	588,618
Southeastern Catawba County Wastewater	6,810,573	6,579,915	-	6,579,915	230,658
Southeastern Catawba County Water Supply Loop	6,706,236	4,604,788	308,191	4,912,979	1,793,257
<b>Total expenditures</b>	<u>40,691,808</u>	<u>22,655,121</u>	<u>5,262,083</u>	<u>27,917,204</u>	<u>12,774,604</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(35,359,510)</u>	<u>(16,612,366)</u>	<u>(4,870,498)</u>	<u>(21,482,864)</u>	<u>13,876,646</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Water and Sewer Capital Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and for the Year Ended June 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Other Financing Sources (Uses)</b>					
Transfers from (to)					
General Fund	4,551,195	2,951,195	1,600,000	4,551,195	-
Water and Sewer Construction Fund - Governmental	21,308,315	30,248,536	-	30,248,536	8,940,221
Revolving Loan Obligations Issued	1,500,000	1,500,000	-	1,500,000	-
Installment Purchase Obligations Issued	8,000,000	8,000,000	-	8,000,000	-
Total other financing sources (uses)	<u>35,359,510</u>	<u>42,699,731</u>	<u>1,600,000</u>	<u>44,299,731</u>	<u>8,940,221</u>
Revenues and other sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 26,087,365</u>	<u>\$ (3,270,498)</u>	<u>\$ 22,816,867</u>	<u>\$ 22,816,867</u>



**Agency Funds**  
(Fiduciary Fund Types)

Agency Funds are used to account for funds held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

*Social Services Fund* – accounts for monies held by the Social Services Department for the benefit of certain individuals for whom the County serves as agent.

*Sheriff Commissary Fund* – accounts for monies held by the Sheriff's Department on behalf of inmates detained in the County jail.

*Delinquent Motor Vehicle Fund* - accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

*Deed of Trust Fee Fund* - accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the North Carolina State Treasurer.

**CATAWBA COUNTY, NORTH CAROLINA**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For Fiscal Year Ended June 30, 2014**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Social Services Fund</b>				
Assets				
Cash and investments	\$ 44,213	\$ 495,809	\$ 503,400	\$ 36,622
Liabilities				
Miscellaneous liabilities	\$ 44,213	\$ 495,809	\$ 503,400	\$ 36,622
<b>Sheriff Commissary Fund</b>				
Assets				
Cash and investments	\$ 33,239	\$ 319,734	\$ 322,801	\$ 30,172
Liabilities				
Miscellaneous liabilities	\$ 33,239	\$ 319,734	\$ 322,801	\$ 30,172
<b>Sheriff Civil Fund</b>				
Assets				
Cash and investments	\$ -	\$ 27,367	\$ 27,366	\$ 1
Liabilities				
Miscellaneous liabilities	\$ -	\$ 27,367	\$ 27,366	\$ 1
<b>Delinquent Motor Vehicle Fund</b>				
Assets				
Cash and investments	\$ 5,013	\$ -	\$ 5,013	\$ -
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 5,013	\$ -	\$ 5,013	\$ -
<b>Deed of Trust Fee Fund</b>				
Assets				
Cash and investments	\$ 10,044	\$ 97,495	\$ 99,758	\$ 7,781
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 10,044	\$ 97,495	\$ 99,758	\$ 7,781
<b>Total - All Agency Funds</b>				
Assets				
Cash and investments	\$ 92,509	\$ 940,405	\$ 958,338	\$ 74,576
Liabilities				
Miscellaneous liabilities	\$ 92,509	\$ 940,405	\$ 958,338	\$ 74,576

## **Other Schedules**

This section contains additional information on *cash and investments, property taxes, and general long-term debt.*

*Schedule of Cash and Investment Balances*

*Analysis of Current Tax Levy*

*Schedule of Taxes Receivable*

*Schedule of General Bonded Indebtedness and Debt Service Requirement*

*General Long-Term Debt Requirements and Maturity Schedule*

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Cash and Investment Balances**  
**June 30, 2014**

	<u>Amounts Represented on Statements</u>	<u>Cost Value</u>	<u>Fair Value</u>
<b>Cash</b>			
On hand	\$ 9,606	\$ 9,606	\$ 9,606
In demand deposits (interest bearing)	1,742,767	1,742,767	1,742,767
(noninterest bearing)	66,795	66,795	66,795
Money Market, unrestricted	12,568,939	12,568,939	12,568,939
Money Market, restricted for capital	11,347,272	11,347,272	11,347,272
<b>Total cash</b>	<u>\$ 25,735,379</u>	<u>\$ 25,735,379</u>	<u>\$ 25,735,379</u>
<b>Other Investments</b>			
North Carolina Capital Management Trust, unrestricted	23,587,526	23,587,526	23,587,526
North Carolina Capital Management Trust, restricted for capital	15,230,266	15,230,266	15,230,266
Finistar	2,604,149	2,604,149	2,604,149
Commercial Paper	4,000,000	4,000,000	4,000,000
Federal Farm Credit	6,996,990	6,988,200	6,996,990
Federal Home Loan Bank	19,842,511	19,915,636	19,842,511
Federal Home Loan Mortgage Corporation	35,423,501	35,958,601	35,423,501
Federal National Mortgage Association	44,831,920	44,943,226	44,831,920
Certificates of deposit	255,133	255,133	255,133
<b>Total other investments</b>	<u>\$ 152,771,996</u>	<u>\$ 153,482,737</u>	<u>\$ 152,771,996</u>
<b>Total cash and investments</b>	<u>\$ 178,507,375</u>	<u>\$ 179,218,116</u>	<u>\$ 178,507,375</u>

**Distribution by funds**

<b>General Fund</b>	\$	41,756,698	
Restricted cash		2,525,566	\$ 44,282,264
<b>Special Revenue Funds</b>			
Emergency Telephone System Fund	\$	2,534,332	
Citizens' Alert System Fund		14,039	
Narcotics Seized Funds and Property Fund		94,591	
Rescue Squads Fund		184,152	
Library Endowment Fund		239,217	
Gretchen Peed Scholarship Fund		46,048	
Parks Preservation Trust Fund		49,596	
Community Development Fund		18,798	
Fire District Funds		<u>1,147,457</u>	4,328,230
<b>Capital Projects Funds</b>			
Schools Capital Projects Fund	\$	6,632,391	
Hospital Construction Fund		5,474,127	
School Construction Fund		3,118,350	
Restricted Cash		9,372,416	
General Capital Projects Fund		31,478,426	
Restricted Cash		<u>17,957,394</u>	74,033,104
<b>Enterprise Fund</b>			
Water & Sewer Fund	\$	12,549,951	
Restricted Cash		23,952,473	
Solid Waste Management Fund		19,286,777	55,789,201
<b>Fiduciary Funds</b>			
Social Services Fund	\$	36,622	
Sheriff Commissary Fund		30,172	
Delinquent Motor Vehicle Fund		1	
Deed of Trust Fee Fund		<u>7,781</u>	<u>74,576</u>
<b>Total</b>			<u>\$ 178,507,375</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**For the Fiscal Year Ended June 30, 2014**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 16,822,110,419	0.530	\$ 89,157,185	\$ 80,680,805	\$ 8,476,380
Penalties	-		65,681	65,681	-
Total	16,822,110,419		89,222,866	80,746,486	8,476,380
Discoveries:					
Current year taxes	2,062,201,015	0.530	10,929,665	10,921,970	7,695
Penalties	-		85,996	85,996	-
Total	2,062,201,015		11,015,661	11,007,966	7,695
Abatements:	(2,212,327,443)		(11,725,335)	(11,645,748)	(79,588)
Total property valuation	<u>\$ 16,671,983,991</u>				
Net levy			88,513,192	80,108,705	8,404,487
Uncollected taxes at June 30, 2014			<u>2,712,772</u>	<u>2,132,874</u>	<u>579,898</u>
Current year's taxes collected			<u>\$ 85,800,420</u>	<u>\$ 77,975,831</u>	<u>\$ 7,824,589</u>
Current levy collection percentage			<u>96.94%</u>	<u>97.34%</u>	<u>93.10%</u>

**Secondary Market Disclosures**

Assessed Valuation:		
Assessment Ratio <sup>(1)</sup>		100%
Real Property		\$ 12,224,185,313
Personal Property		3,790,836,072
Public Service Companies <sup>(2)</sup>		<u>685,580,853</u>
Total Assessed Valuation		\$ 16,700,602,238
Tax Rate per \$100		<u>0.530</u>
Levy (includes discoveries, releases and abatements) <sup>(3)</sup>		<u>\$ 88,513,192</u>

In addition to the County-wide rate, the following is the total levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	\$ 4,952,348
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<sup>(1)</sup> Percentage of appraised value has been established by statute.

<sup>(2)</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>(3)</sup> The levy includes interest and penalties.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Taxes Receivable**  
**June 30, 2014**

<u>General Fund</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013	\$ -	\$ 88,513,192	\$ 85,800,420	\$ 2,712,772
2012	3,506,365	-	1,902,054	1,604,311
2011	1,564,093	-	536,420	1,027,673
2010	942,955	-	196,821	746,134
2009	719,741	-	137,938	581,803
2008	583,588	-	76,123	507,465
2007	426,119	-	42,460	383,659
2006	316,067	-	30,538	285,529
2005	278,384	-	25,232	253,152
2004	265,232	-	21,574	243,658
Prior	273,367	-	273,367	-
	<u>\$ 8,875,911</u>	<u>\$ 88,513,192</u>	<u>\$ 89,042,947</u>	<u>\$ 8,346,156</u>
Less allowance for uncollectible taxes	<u>5,707,779</u>			<u>6,071,257</u>
Taxes receivable -- net	<u>\$ 3,168,132</u>			<u>\$ 2,274,899</u>

Reconciliation with revenues:

Ad valorem taxes		
General Fund	\$ 88,556,120	
Rescue Squad Fund	<u>1,067,200</u>	
Total ad valorem taxes		\$ 89,623,320
Reconciling items:		
Penalties and interest collected	(882,389)	
Tax on leased vehicle collected	(116,506)	
Prior year release/adjustments	145,155	
Taxes written off	<u>273,367</u>	
Total reconciling items		<u>(580,373)</u>
Total collections		<u>\$ 89,042,947</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of General Bonded Indebtedness and Debt Service Requirement**  
**For the Fiscal Year Ended June 30, 2014**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest</u>	<u>Notes and Bonds Outstanding June 30, 2013</u>	<u>Notes and Bonds Issued 2013-2014</u>	<u>Notes and Bonds Retired 2013-2014</u>	<u>Interest Paid 2013-2014</u>	<u>Notes and Bonds Outstanding June 30, 2014</u>	<u>Falling Due Within Next Fiscal Year</u>	
									<u>Principal</u>	<u>Interest</u>
6/01/1999	School Bonds Series 1999	2000-14	4.40-4.70	1,400,000	-	1,400,000	65,800	-	-	-
12/1/2002	Refunding Series 2002 Schools	2003-14	2.00-4.00	336,000	-	336,000	13,440	-	-	-
	Community College	2003-14	2.00-4.00	84,000	-	84,000	3,360	-	-	-
6/1/2005	Refunding Series 2005 Schools	2006-15	3.00-3.75	1,445,402	-	715,498	53,308	729,904	729,904	27,371
	Community College	2006-15	3.00-3.75	59,598	-	29,502	2,198	30,096	30,096	1,129
				<u>\$ 3,325,000</u>	<u>\$ -</u>	<u>\$ 2,565,000</u>	<u>\$ 138,106</u>	<u>\$ 760,000</u>	<u>\$ 760,000</u>	<u>\$ 28,500</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**General Long-Term Debt Requirements and Maturity Schedule**  
**For the Fiscal Year Ended June 30, 2014**

Fiscal Year Ended June 30	Governmental Activities			Business Type Activities		
	Debt Principal	Interest	Total	Debt Principal	Interest	Total
2015	12,331,425	5,466,418	17,797,843	978,778	348,270	1,327,048
2016	12,332,152	5,156,471	17,488,623	1,221,370	323,958	1,545,328
2017	12,691,346	4,850,118	17,541,464	1,228,229	293,455	1,521,684
2018	12,643,855	4,513,776	17,157,631	1,238,472	261,284	1,499,756
2019	12,615,319	4,172,037	16,787,356	1,248,924	228,956	1,477,880
2020-2024	56,134,400	15,887,054	72,021,454	5,982,249	676,568	6,658,817
2025-2029	23,969,808	4,636,452	28,606,260	1,836,264	77,382	1,913,646
2030-2031	2,360,000	177,000	2,537,000	75,000	-	75,000
	<u>\$ 145,078,305</u>	<u>\$ 44,859,326</u>	<u>\$ 189,937,631</u>	<u>\$ 13,809,286</u>	<u>\$ 2,209,873</u>	<u>\$ 16,019,159</u>

(1) 12 % of Legal Debt Limit



## Statistical Section

This part of Catawba County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Catawba County's overall financial health.

<u>Content</u>	<u>Pages</u>
<i>Financial Trends</i> These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	174-183
<i>Revenue Capacity</i> These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	184-187
<i>Debt Capacity</i> These tables present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	188-193
<i>Demographic and Economic Information</i> These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	194-195
<i>Operating Information</i> These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the county provides and the activities it performs.	196-198

*Sources: Unless otherwise noted, the information in these statistical tables is from the comprehensive annual reports for the relevant year. Catawba County implemented GASB Statement 34 in fiscal year 2002; tables presenting government-wide information include information beginning in that year.*

**CATAWBA COUNTY, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	73,669,285	72,733,148	71,902,720	71,693,769
Restricted	61,304,988	50,910,338	32,831,276	47,011,143
Unrestricted	<u>(70,537,217)</u>	<u>(56,964,579)</u>	<u>(39,024,726)</u>	<u>(53,622,693)</u>
Total governmental activities net position	<u>64,437,056</u>	<u>66,678,907</u>	<u>65,709,270</u>	<u>65,082,219</u>
Business-type activities:				
Net investment in capital assets	49,571,504	51,632,394	47,665,657	46,958,987
Restricted	-	-	-	-
Unrestricted	<u>45,362,525</u>	<u>39,533,644</u>	<u>41,998,988</u>	<u>40,391,776</u>
Total business-type activities net position	<u>94,934,029</u>	<u>91,166,038</u>	<u>89,664,645</u>	<u>87,350,763</u>
Primary government:				
Net investment in capital assets	123,240,789	124,365,542	119,568,377	118,652,756
Restricted	61,304,988	50,910,338	32,831,276	47,011,143
Unrestricted	<u>(25,174,692)</u>	<u>(17,430,935)</u>	<u>2,974,262</u>	<u>(13,230,917)</u>
Total primary government net position	<u>\$ 159,371,085</u>	<u>\$ 157,844,945</u>	<u>\$ 155,373,915</u>	<u>\$ 152,432,982</u>

Data Source

Audited Financial Statements

Catawba County implemented GASB 54 during the fiscal year ended June 30, 2011 and GASB 63 during the fiscal year ended June 30, 2013.

**Fiscal Year**

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 68,272,595	\$ 67,484,313	\$ 81,948,941	\$ 78,197,249	\$ 76,988,789	\$ 74,327,245
1,377,237	1,089,189	810,599	745,357	655,333	650,382
(1,870,336)	(5,481,946)	35,727,062	16,336,081	10,274,088	24,523,260
67,779,496	63,091,556	118,486,602	95,278,687	87,918,210	99,500,887
46,177,552	43,612,368	22,121,146	18,670,633	17,159,517	15,639,246
-	-	-	-	-	-
35,808,986	33,954,727	8,696,235	12,411,036	10,784,695	10,547,160
81,986,538	77,567,095	30,817,381	31,081,669	27,944,212	26,186,406
114,450,147	111,096,681	104,070,087	96,867,882	94,148,306	89,966,491
1,377,237	1,089,189	810,599	745,357	655,333	650,382
33,938,650	28,472,781	44,423,297	28,747,117	21,058,783	35,070,420
\$ 149,766,034	\$ 140,658,651	\$ 149,303,983	\$ 126,360,356	\$ 115,862,422	\$ 125,687,293

**CATAWBA COUNTY, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 10,807,772	\$ 9,760,225	\$ 9,737,258	\$ 9,795,648
Public safety	32,732,323	31,236,944	31,399,814	30,599,650
Environmental protection	492,269	508,073	459,609	508,248
Economic and physical development	13,538,407	12,780,487	11,657,411	9,713,902
Human services	47,935,422	48,863,130	50,113,468	51,350,294
Culture and recreation	2,847,558	2,776,547	2,724,942	2,733,249
Education	61,843,087	57,519,210	57,134,411	65,072,007
Interest on long-term debt	3,774,279	3,602,099	4,487,690	4,998,419
Total governmental activities expenses	<u>173,971,117</u>	<u>167,046,715</u>	<u>167,714,603</u>	<u>174,771,417</u>
Business-type activities:				
Solid waste management	5,166,963	5,927,016	5,797,602	5,869,812
Water and sewer	1,612,849	2,102,576	2,462,706	1,365,042
Total business-type activities expenses	<u>6,779,812</u>	<u>8,029,592</u>	<u>8,260,308</u>	<u>7,234,854</u>
Total primary government expenses	<u>180,750,929</u>	<u>175,076,307</u>	<u>175,974,911</u>	<u>182,006,271</u>
<b>Program Revenues</b>				
Governmental activities:				
Fees, fines, and charges for services:				
General government	1,752,070	1,869,484	2,018,381	2,915,961
Public safety	8,068,851	9,178,100	9,436,724	10,169,062
Environmental protection	5,100	4,675	5,100	5,525
Economic and physical development	2,204,984	2,329,590	2,287,770	1,788,439
Human services	6,762,666	7,247,968	6,368,320	7,286,797
Culture and recreation	57,436	62,192	61,080	61,607
Education	494,298	499,006	509,420	796,001
Operating grants and contributions	29,136,207	28,576,342	31,816,198	32,659,457
Capital grants and contributions	2,292,224	1,859,891	1,746,730	5,380,157
Total governmental activities program revenues	<u>50,773,836</u>	<u>51,627,248</u>	<u>54,249,723</u>	<u>61,063,006</u>
Business-type activities:				
Fees, fines, and charges for services	5,671,631	5,880,833	5,912,649	5,742,856
Operating grants and contributions	868,759	650,178	447,717	501,033
Capital grants and contributions	126,942	731,970	1,366,637	1,957,808
Total business-type activities program revenues	<u>6,667,332</u>	<u>7,262,981</u>	<u>7,727,003</u>	<u>8,201,697</u>
Total primary government program revenues	<u>57,441,168</u>	<u>58,890,229</u>	<u>61,976,726</u>	<u>69,264,703</u>
<b>Net (Expenses) Revenues</b>				
Governmental activities	(123,197,281)	(115,419,467)	(113,464,880)	(113,708,411)
Business-type activities	(112,480)	(766,611)	(533,305)	966,843
Total primary government net expense	<u>(123,309,761)</u>	<u>(116,186,078)</u>	<u>(113,998,185)</u>	<u>(112,741,568)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	93,649,723	89,347,893	85,663,390	85,440,972
Local option sales taxes	28,027,368	26,644,767	26,394,707	26,504,695
Other taxes	1,494,645	1,548,870	1,517,464	1,491,355
Investment earnings, unrestricted	1,155,474	(183,818)	1,291,370	1,136,085
Gain (loss) on sales of capital assets	-	9,169	-	-
Transfers	(1,601,565)	(775,000)	(775,000)	(3,561,973)
Total governmental activities	<u>122,725,645</u>	<u>116,591,881</u>	<u>114,091,931</u>	<u>111,011,134</u>
Business-type activities:				
Taxes				
Local option sales taxes	1,359,558	1,293,304	-	-
Other taxes	297,543	294,409	1,585,139	302,161
Investment earnings	621,805	(94,709)	487,048	533,248
Transfers	1,601,565	775,000	775,000	3,561,973
Total business-type activities	<u>3,880,471</u>	<u>2,268,004</u>	<u>2,847,187</u>	<u>4,397,382</u>
Total primary government	<u>126,606,116</u>	<u>118,859,885</u>	<u>116,939,118</u>	<u>115,408,516</u>
<b>Change in Net Position</b>				
Governmental activities	(471,636)	1,172,414	627,051	(2,697,277)
Business-type activities	3,767,991	1,501,393	2,313,882	5,364,225
Total primary government	<u>\$ 3,296,355</u>	<u>\$ 2,673,807</u>	<u>\$ 2,940,933</u>	<u>\$ 2,666,948</u>

**Data Source**

Audited Financial Statements

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 10,533,518	\$ 10,172,611	\$ 11,203,800	\$ 9,001,933	\$ 9,593,037	\$ 8,383,352
29,076,572	28,263,640	26,316,167	22,897,052	20,926,787	19,900,883
495,248	539,138	546,680	504,416	481,844	447,428
10,627,991	10,743,831	10,827,271	12,054,976	9,383,320	9,567,712
51,688,459	56,066,282	74,150,353	66,083,707	67,310,514	66,858,370
2,830,504	2,830,192	2,760,614	2,771,008	2,687,546	2,543,170
53,825,312	78,130,574	50,388,730	52,216,062	65,203,410	57,377,775
5,411,021	5,163,100	4,584,583	4,909,742	4,956,696	4,223,199
<u>164,488,625</u>	<u>191,909,368</u>	<u>180,778,198</u>	<u>170,438,896</u>	<u>180,543,154</u>	<u>169,301,889</u>
5,800,628	5,570,927	8,172,432	5,260,776	5,035,563	5,755,205
1,270,443	1,118,908	-	-	-	-
<u>7,071,071</u>	<u>6,689,835</u>	<u>8,172,432</u>	<u>5,260,776</u>	<u>5,035,563</u>	<u>5,755,205</u>
<u>171,559,696</u>	<u>198,599,203</u>	<u>188,950,630</u>	<u>175,699,672</u>	<u>185,578,717</u>	<u>175,057,094</u>
2,631,983	2,683,400	4,340,110	4,380,295	5,136,475	3,554,324
8,188,847	8,613,711	6,950,872	5,017,287	4,807,088	4,210,617
4,675	5,125	4,825	4,575	4,575	4,247
2,858,217	2,013,945	4,618,557	3,247,499	2,497,490	2,314,143
7,876,144	7,962,471	9,819,859	9,779,244	11,996,379	13,808,150
74,256	77,989	62,332	63,723	53,911	51,652
892,179	994,015	1,081,098	1,126,095	1,110,419	1,185,125
32,298,988	31,213,021	46,999,422	43,735,432	41,299,324	39,488,016
3,217,167	4,164,591	4,857,657	101,953	496,774	416,096
<u>58,042,456</u>	<u>57,728,268</u>	<u>78,734,732</u>	<u>67,456,103</u>	<u>67,402,435</u>	<u>65,032,370</u>
5,816,059	7,440,625	6,626,224	6,677,959	6,046,872	6,154,906
546,052	144,989	41,279	102,816	129,482	145,601
209,796	44,081	148,518	526,398	-	-
<u>6,571,907</u>	<u>7,629,695</u>	<u>6,816,021</u>	<u>7,307,173</u>	<u>6,176,354</u>	<u>6,300,507</u>
<u>64,614,363</u>	<u>65,357,963</u>	<u>85,550,753</u>	<u>74,763,276</u>	<u>73,578,789</u>	<u>71,332,877</u>
(106,446,169)	(134,181,100)	(102,043,466)	(102,982,793)	(113,140,719)	(104,269,519)
(499,164)	939,861	(1,356,411)	2,046,397	1,140,791	545,302
<u>(106,945,333)</u>	<u>(133,241,239)</u>	<u>(103,399,877)</u>	<u>(100,936,396)</u>	<u>(111,999,928)</u>	<u>(103,724,217)</u>
84,763,108	84,738,225	82,048,071	68,378,012	65,459,626	64,264,969
26,692,186	32,272,780	35,299,813	33,760,033	29,984,796	28,690,324
1,263,135	1,605,323	2,119,554	2,135,782	2,015,798	1,807,700
2,115,680	4,023,446	5,786,693	6,069,443	4,099,093	2,876,185
-	-	-	-	-	-
<u>(3,700,000)</u>	<u>(43,853,720)</u>	<u>(2,750)</u>	<u>-</u>	<u>(1,271)</u>	<u>(692)</u>
<u>111,134,109</u>	<u>78,786,054</u>	<u>125,251,381</u>	<u>110,343,270</u>	<u>101,558,042</u>	<u>97,638,486</u>
-	-	-	-	-	-
290,643	255,732	228,024	221,825	178,691	243,796
927,964	1,700,401	861,349	869,235	437,053	317,721
3,700,000	43,853,720	2,750	-	1,271	692
<u>4,918,607</u>	<u>45,809,853</u>	<u>1,092,123</u>	<u>1,091,060</u>	<u>617,015</u>	<u>562,209</u>
<u>116,052,716</u>	<u>124,595,907</u>	<u>126,343,504</u>	<u>111,434,330</u>	<u>102,175,057</u>	<u>98,200,695</u>
4,687,940	(55,395,046)	23,207,915	7,360,477	(11,582,677)	(6,631,033)
4,419,443	46,749,714	(264,288)	3,137,457	1,757,806	1,107,511
<u>\$ 9,107,383</u>	<u>\$ (8,645,332)</u>	<u>\$ 22,943,627</u>	<u>\$ 10,497,934</u>	<u>\$ (9,824,871)</u>	<u>\$ (5,523,522)</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011
<b>General Fund</b>				
Nonspendable				
Inventories	\$ 327,147	\$ 305,186	\$ 338,109	\$ 395,153
Prepaid	164,242	26,922	54,469	86,781
Restricted				
Stabilization by State Statute	14,650,010	12,972,979	12,221,688	11,581,246
Register of Deeds	1,410	66,229	50,346	39,764
Debt service	1,839,350	-	-	-
General Capital Reserve	452,670	448,015	448,620	444,128
Committed				
Tax Revaluation	192,437	166,678	153,881	145,757
Assigned				
Public Health	289,199	428,814	197,421	169,805
Social Services	4,304,485	4,505,344	4,640,932	4,594,451
County Manager	122,118	182,660	217,313	158,767
Human Resources	614,061	624,570	579,873	559,216
Library	400,697	334,917	298,313	350,508
Cooperative Extension	-	-	154,516	136,811
Subsequent year's expenditures	6,471,106	6,356,815	6,542,811	5,244,348
Unassigned	20,734,380	24,199,035	25,202,712	29,177,889
Total general fund	<u>50,563,312</u>	<u>50,618,164</u>	<u>51,101,004</u>	<u>53,084,624</u>
<b>All other governmental funds</b>				
Restricted				
Stabilization by State Statute	28,760,070	3,847,266	4,652,337	4,854,187
Debt service	4,645,650	-	-	-
School Construction	4,726,766	22,834,431	4,316,249	19,189,675
School Capital	-	-	-	88,862
Public Safety	2,582,688	2,658,023	2,743,542	2,743,445
Fire Protection	1,145,873	893,577	859,873	852,061
Library Endowment	239,217	236,757	237,077	234,704
Scholarship	46,048	44,288	44,099	43,207
Parks Preservation	49,596	75,197	161,597	142,407
Community Development	17,469	-	-	-
Hospital Capital	5,449,956	5,393,919	5,401,200	5,347,139
General Capital	17,957,394	-	-	-
Committed				
General Capital	4,543,427	32,219,263	23,913,332	21,417,686
School Construction	-	927,914	1,815,442	213,091
School Capital	6,465,739	6,172,623	9,594,076	8,985,425
Hospital Construction	24,171	23,693	23,725	23,486
Assigned	-	-	-	-
Unassigned	(2,380,149)	-	(4,355)	(4,178)
Total fund balances	<u>74,273,915</u>	<u>75,326,951</u>	<u>53,758,194</u>	<u>64,131,197</u>
Total governmental funds	<u>\$ 124,837,227</u>	<u>\$ 125,945,115</u>	<u>\$ 104,859,198</u>	<u>\$ 117,215,821</u>

Note: The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Four years are presented in the format after the implementation of GASB 45.

The previous six years are presented on the following page.



**CATAWBA COUNTY, NORTH CAROLINA**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved	\$ 12,081,863	\$ 13,796,892	\$ 19,523,687	\$ 16,236,389
Unreserved	39,583,672	36,617,111	35,804,493	27,788,364
Total general fund	<u>51,665,535</u>	<u>50,414,003</u>	<u>55,328,180</u>	<u>44,024,753</u>
All other governmental funds				
Reserved	177,161	171,237	270,802	283,481
Unreserved, reported in:				
Special revenue funds	10,994,696	9,403,227	9,707,586	12,061,802
Capital projects funds	<u>36,158,392</u>	<u>46,160,443</u>	<u>78,048,289</u>	<u>49,513,929</u>
Total all other governmental funds	<u>47,330,249</u>	<u>55,734,907</u>	<u>88,026,677</u>	<u>61,859,212</u>
Total governmental funds	<u>\$ 98,995,784</u>	<u>\$ 106,148,910</u>	<u>\$ 143,354,857</u>	<u>\$ 105,883,965</u>

Note: The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Six years are presented in the format prior to the implementation of GASB 45.

Four years after the implementation are presented on the previous page.

<b>Fiscal Year</b>	
<b>2006</b>	<b>2005</b>
\$ 15,895,612	\$ 12,235,484
<u>23,688,338</u>	<u>23,648,612</u>
<u>39,583,950</u>	<u>35,884,096</u>
359,947	1,732,131
15,021,904	18,654,056
<u>60,905,823</u>	<u>78,006,562</u>
<u>76,287,674</u>	<u>98,392,749</u>
<u>\$ 115,871,624</u>	<u>\$ 134,276,845</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012 <sup>(1)</sup>	2011
<b>Revenues</b>				
Ad valorem taxes	\$ 94,593,965	\$ 89,246,050	\$ 86,401,682	\$ 85,290,748
Other taxes	28,514,821	27,201,571	26,867,917	26,934,772
Unrestricted intergovernmental revenues	1,902,192	1,887,066	1,839,255	1,906,277
Restricted intergovernmental revenues	36,065,434	36,172,540	37,487,597	41,544,195
Licenses and permits	2,130,735	2,346,916	2,012,367	1,795,495
Sales and services	11,363,376	11,518,226	12,117,015	13,631,424
Investment earnings	1,155,473	(183,818)	963,774	949,483
Miscellaneous	3,539,937	3,469,424	3,675,026	4,713,228
<b>Total revenues</b>	<u>179,265,933</u>	<u>171,657,975</u>	<u>171,364,633</u>	<u>176,765,622</u>
<b>Expenditures</b>				
Current:				
General government	11,329,249	10,339,386	10,134,171	10,115,078
Public safety	31,930,143	30,928,591	30,749,802	30,260,313
Environmental protection	461,359	477,163	451,864	503,130
Economic and physical development	13,573,781	12,850,717	11,307,365	9,926,951
Human services	47,114,736	48,069,751	49,245,926	50,540,941
Culture and recreation	2,769,125	2,694,713	2,677,465	2,661,530
Education	40,004,060	39,695,975	39,257,916	39,598,951
Capital Outlay	33,342,151	21,113,769	20,810,153	29,796,072
Debt service:				
Principal	12,078,444	11,732,733	39,751,528	12,460,866
Interest	3,794,348	3,600,703	5,023,779	4,902,829
Sinking fund escrow	1,853,902	1,853,902	1,853,902	716,951
Lease purchase payments	-	-	-	-
Payment to refunded bond escrow agent	1,014,000	1,128,232	-	-
Bond issuance costs	23,583	135,592	448,255	-
<b>Total expenditures</b>	<u>199,288,881</u>	<u>184,621,227</u>	<u>211,712,126</u>	<u>191,483,612</u>
<b>Other Financing Sources (uses)</b>				
Transfers from other funds	2,942,065	2,247,667	1,450,431	2,694,737
Transfers to other funds	(4,543,630)	(3,022,667)	(2,225,431)	(6,256,710)
Installment purchase obligations issued	20,125,000	33,600,000	650,000	-
Premium on installment obligations issued	2,161,054	-	-	-
Qualified Zone Academy Bonds issued	-	-	-	-
Qualified School Construction Bonds issued	-	-	-	27,808,553
Build America bonds issued	-	-	-	8,691,447
Refunding bonds issued	1,810,000	10,965,000	41,995,366	-
Payment to refunded bond escrow agent	(1,849,125)	(9,750,000)	(17,777,592)	-
Premium on refunding bonds	39,911	-	3,873,747	-
Certificates of participation issued	-	-	-	-
Premium on certificates of participation	-	-	-	-
Sales of capital assets	-	9,169	24,349	-
<b>Total other financing sources (uses)</b>	<u>20,685,275</u>	<u>34,049,169</u>	<u>27,990,870</u>	<u>32,938,027</u>
<b>Net change in fund balances</b>	<u>\$ 662,327</u>	<u>\$ 21,085,917</u>	<u>\$ (12,356,623)</u>	<u>\$ 18,220,037</u>
Debt service as a percentage of noncapital expenditures	10.0%	10.2%	22.4%	9.7%

<sup>(1)</sup> Note: Beginning FY 2012, current refundings are shown as debt service expenditures rather than other financing use.

**Fiscal Year**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$	84,697,609	\$ 84,125,547	\$ 81,625,223	\$ 68,270,907	\$ 66,233,752	\$ 64,037,632
	27,121,865	32,794,322	36,391,110	35,415,288	31,654,028	30,151,572
	1,878,455	2,127,081	1,970,909	1,235,023	1,248,170	1,095,733
	41,218,717	41,946,212	56,482,993	46,532,532	44,764,103	42,141,280
	2,547,643	2,271,147	4,101,574	3,773,033	3,214,736	3,457,883
	13,041,964	12,936,583	15,071,656	12,849,786	16,591,727	17,420,439
	1,929,311	3,837,081	5,600,327	5,883,078	3,912,728	2,773,588
	3,716,912	3,624,321	4,309,242	3,998,845	3,725,976	3,803,472
	<u>176,152,476</u>	<u>183,662,294</u>	<u>205,553,034</u>	<u>177,958,492</u>	<u>171,345,220</u>	<u>164,881,599</u>
	11,601,149	11,556,920	9,944,571	9,613,213	9,978,986	9,449,992
	29,360,816	28,513,201	26,916,838	23,021,049	21,209,400	20,032,107
	469,014	512,882	520,587	475,667	452,180	428,549
	10,619,754	10,727,052	10,682,552	10,889,872	8,651,385	7,886,973
	50,879,470	55,118,250	73,690,327	65,236,455	66,508,454	65,701,149
	2,758,668	2,758,206	2,719,466	2,695,423	2,610,001	2,465,676
	38,606,716	39,948,749	38,014,454	34,222,295	32,544,711	30,410,166
	16,572,802	39,869,050	19,683,740	28,338,920	42,549,957	33,473,868
	13,421,793	12,067,834	10,724,874	10,338,333	9,975,000	9,230,000
	5,315,420	5,067,500	4,488,983	4,814,143	4,861,096	4,214,250
	-	-	-	-	-	-
	-	-	-	-	-	70,760
	-	-	-	-	-	-
	-	-	-	-	-	89,146
	<u>179,605,602</u>	<u>206,139,644</u>	<u>197,386,392</u>	<u>189,645,370</u>	<u>199,341,170</u>	<u>183,452,636</u>
	4,395,302	12,262,330	9,515,201	11,547,146	9,763,224	12,301,254
	(8,095,302)	(48,646,927)	(9,517,951)	(11,547,146)	(9,764,495)	(12,301,946)
	-	21,656,000	28,607,000	1,450,000	9,200,000	-
	-	-	-	-	-	-
	-	-	700,000	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	16,035,000
	-	-	-	-	-	(16,321,853)
	-	-	-	-	-	429,179
	-	-	-	-	-	55,255,000
	-	-	-	-	-	2,868,950
	-	-	-	249,219	392,000	1,750
	<u>(3,700,000)</u>	<u>(14,728,597)</u>	<u>29,304,250</u>	<u>1,699,219</u>	<u>9,590,729</u>	<u>58,267,334</u>
\$	<u>(7,153,126)</u>	<u>(37,205,947)</u>	<u>37,470,892</u>	<u>(9,987,659)</u>	<u>(18,405,221)</u>	<u>39,696,297</u>
	10.6%	8.4%	8.1%	8.5%	7.9%	7.7%

**CATAWBA COUNTY, NORTH CAROLINA**  
**Assessed Valuation and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Utility Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate <sup>(1)</sup></b>	<b>Estimated Real Market Value</b>
2005	9,722,396,729	2,680,617,427	539,742,782	12,942,756,938	0.480	13,033,994,902
2006	9,919,033,408	2,558,398,877	545,842,516	13,023,274,801	0.490	13,499,818,390
2007	10,174,785,855	2,614,088,394	570,452,150	13,359,326,399	0.490	14,124,895,749
2008 <sup>(2)</sup>	11,444,764,023	2,606,879,334	603,786,566	14,655,429,923	0.535	14,963,681,767
2009	11,778,146,940	2,560,844,568	794,924,639	15,133,916,147	0.535	15,452,232,129
2010	11,874,836,448	2,547,986,916	590,931,402	15,013,754,766	0.535	15,343,643,092
2011	12,057,640,336	2,454,965,234	610,253,122	15,122,858,692	0.535	15,122,858,692
2012 <sup>(2)</sup>	12,154,011,798	2,754,476,587	606,953,739	15,515,442,124	0.530	15,436,714,878
2013	12,240,949,134	3,127,347,289	659,587,935	16,027,884,358	0.530	15,946,556,918
2014	12,224,185,313	3,790,836,072	685,580,853	16,700,602,238	0.530	N/A

<sup>(1)</sup> Tax rate expressed in dollars of tax per \$100 of assessed valuation.

<sup>(2)</sup> Increase as a result of the County 4-year real property revaluation cycle.

Source: Catawba County Property Appraiser

**CATAWBA COUNTY, NORTH CAROLINA**  
**Property Tax Rates - Direct and Overlapping Governments <sup>(1)</sup>**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Catawba County</b>										
Property Tax	0.5300	0.5300	0.5300	0.5350	0.5350	0.5350	0.5350	0.4900	0.4900	0.4800
<b>Fire Districts:</b>										
Bandys	0.0700	0.0700	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0500	0.0390
Catawba	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Claremont	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Conover Rural	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0500	0.0500
Cooksville	0.0617	0.0617	0.0517	0.0517	0.0517	0.0517	0.0517	0.0550	0.0550	0.0550
Denver	-	-	-	-	-	-	0.0389	0.0500	0.0500	0.0450
Fairbrook	-	-	-	-	-	-	-	0.0325	0.0325	0.0257
Hickory Rural	0.0700	0.0700	0.0700	0.0700	0.0700	0.0325	0.0325	-	-	-
Long View	0.0546	0.0546	0.0546	0.0546	0.0546	0.0546	0.0546	0.0568	0.0568	0.0568
Maiden	0.0600	0.0600	0.0600	0.0600	0.0500	0.0500	0.0500	0.0500	0.0312	0.0312
Mountain View	0.0600	0.0600	0.0600	0.0600	0.0493	0.0493	0.0493	0.0525	0.0425	0.0425
Newton	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0513
Oxford	0.0558	0.0558	0.0558	0.0558	0.0558	0.0558	0.0558	0.0600	0.0600	0.0600
Propst	0.0615	0.0615	0.0615	0.0615	0.0615	0.0615	0.0615	0.0650	0.0650	0.0650
Sherrills Ford	0.0700	0.0700	0.0700	0.0700	0.0700	0.0500	0.0500	0.0500	0.0500	0.0400
St. Stephens	0.0700	0.0700	0.0700	0.0700	0.0700	0.0500	0.0500	0.0500	0.0500	0.0500
Viewmont	-	-	-	-	-	-	-	0.0325	0.0325	0.0248
<b>Municipalities:</b>										
Town of Brookford	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200
Town of Catawba	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800
City of Claremont	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4500	0.4500
City of Conover	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3800	0.3800
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Town of Long View	0.4200	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Town of Maiden	0.3800	0.3800	0.3900	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3800
City of Newton	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4600	0.4600	0.4400	0.4400
Total Maximum Rate - Fire District	0.6000	0.6000	0.6000	0.6050	0.6050	0.6050	0.6050	0.5600	0.5600	0.5500
Total Maximum Rate - Municipalities	1.0500	1.0500	1.0500	1.0550	1.0550	1.0550	1.0550	1.0100	1.0100	1.0000

<sup>(1)</sup> All tax rates are expressed in dollars of tax per \$100 of assessed valuation. For the above years, the tax levies were assessed at one hundred percent (100%) of the actual value.

Source: Catawba County Tax Collector

**CATAWBA COUNTY, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**December 31, 2013 and December 31, 2004**

Taxpayer	Type of Business	December 31, 2013			December 31, 2004		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Apple, Inc.	Computer Server	\$ 916,657,031	1	5.49	\$ -	-	-
Duke Energy Corporation	Electric utility	543,682,658	2	3.26	356,728,514	1	2.76
GKN Driveline Newton, LLC	Gears	110,760,920	3	0.66	77,537,250	5	0.60
Target Corporation	Warehouse/Retail	106,285,005	4	0.64	-	-	-
CommScope, Inc.	Cable mfg.	105,740,567	5	0.63	151,697,472	2	1.17
Draka Comteq Americas, Inc.	Cable mfg.	75,211,095	6	0.45	-	-	-
Amireit (Frye) Inc/American Medical	Medical care	72,845,890	7	0.44	64,164,211	6	0.50
Corning Cable Systems	Cable mfg.	67,781,685	8	0.41	106,234,298	3	0.82
HSM Solutions - (formerly Hickory Springs Mfg. Co.)	Furniture supplies	53,958,836	9	0.32	59,311,485	7	0.46
Valley Hills Mall, LLC	Retail	45,873,677	10	0.27	48,198,940	10	0.37
Alcatel N. A., Inc.	Cable mfg.	-	-	-	97,661,411	4	0.75
Shuford Mills/Shurtape Technologies	Textiles & Tape	-	-	-	49,967,394	9	0.39
Central Telephone Company	Telephone	-	-	-	54,549,996	8	0.42
		<u>\$ 2,098,797,364</u>		<u>12.57</u>	<u>\$ 1,066,050,971</u>		<u>8.24</u>
Total Assessed Valuation		<u>\$ 16,700,602,238</u>			<u>\$ 12,942,756,938</u>		

Source: Catawba County Tax Collector

**CATAWBA COUNTY, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2004	61,566,332	59,726,141	97.01	1,596,533	61,322,674	99.60
2006	2005	63,409,234	61,416,711	96.86	1,739,371	63,156,082	99.60
2007	2006	65,195,396	63,106,163	96.80	1,803,704	64,909,867	99.56
2008	2007	78,217,306	75,692,582	96.77	2,141,065	77,833,647	99.51
2009	2008	80,966,452	77,974,463	96.30	2,484,524	80,458,987	99.37
2010	2009	80,666,180	77,707,260	96.33	2,377,117	80,084,377	99.28
2011	2010	80,907,294	77,904,536	96.29	2,256,624	80,161,160	99.08
2012	2011	82,231,844	78,892,929	95.94	2,311,242	81,204,171	98.75
2013	2012	84,947,787	81,441,422	95.87	1,902,054	83,343,476	98.11
2014	2013	88,513,192	85,800,420	96.94	-	85,800,420	96.94

<sup>(1)</sup> Includes discoveries, releases and abatements

Source: Catawba County Tax Collector

**CATAWBA COUNTY, NORTH CAROLINA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Governmental Activities</b>							
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Installment Purchases</b>	<b>Qualified Zone Academy Bonds</b>	<b>Qualified School Construction Bonds</b>	<b>Build America Bonds</b>	<b>Limited Obligation Bonds</b>
2005	49,340,000	53,805,000	9,240,000	-			
2006	42,815,000	51,015,000	17,780,000	-			
2007	36,540,000	48,225,000	17,956,667	-			
2008	30,160,000	45,435,000	45,008,793	700,000			
2009	23,765,000	42,645,000	56,831,959	650,000			
2010	17,310,000	39,855,000	52,705,167	600,000			
2011	12,110,000	37,075,000	48,564,013	550,000	27,091,602	8,401,732	
2012	7,715,000	18,090,000	19,475,148	500,000	25,237,700	7,822,302	39,787,135
2013	3,325,000	16,465,000	48,618,040	450,000	23,383,798	7,242,872	37,770,939
2014	799,341	12,208,902	47,940,429	400,000	21,529,896	6,663,443	59,871,434

N/A = Not available

Sources:

<sup>1</sup> U.S. Department of Commerce Bureau of Economic Analysis

<sup>2</sup> Population based on estimates issued by the Bureau of the Census

North Carolina Department of Commerce	Business Type			Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	Installment Purchases	Limited Obligation Bonds	Federal Revolving Loan			
	-			112,385,000	2.71	755
	-			111,610,000	2.61	747
	-			102,721,667	2.22	668
	-			121,303,793	2.51	780
	6,771,353			130,663,312	2.61	832
	6,532,188			117,002,355	2.37	736
	6,282,897		1,350,000	141,425,244	2.73	889
	-	5,797,865	1,350,000	125,775,150	2.44	811
2,600,000	8,000,000	5,504,061	1,275,000	154,634,710	2.86	994
2,600,000	7,397,122	5,401,752	1,200,000	166,012,319	N/A	1,068

**CATAWBA COUNTY, NORTH CAROLINA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total Taxable Assessed Value</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita <sup>(1)</sup></b>
2005	49,340,000	12,942,756,938	0.38	332
2006	42,815,000	13,023,274,801	0.33	287
2007	36,540,000	13,359,326,399	0.27	238
2008	30,160,000	14,655,429,923	0.21	194
2009	23,765,000	15,133,916,147	0.16	151
2010	17,310,000	15,013,754,766	0.12	109
2011	12,110,000	15,122,858,692	0.08	76
2012	7,715,000	15,515,442,124	0.05	50
2013	3,325,000	16,027,884,358	0.02	21
2014	760,000	16,700,602,238	0.00	5

Sources:

<sup>(1)</sup> Population based on estimates issued by the Bureau of the Census



**CATAWBA COUNTY, NORTH CAROLINA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed value (after exemption)	16,700,602,238	16,027,884,358	15,515,442,124	15,122,858,692
Debt limit rate	8%	8%	8%	8%
Debt limit	1,336,048,179	1,282,230,749	1,241,235,370	1,209,828,695
Less: Total net debt applicable to limit	158,887,591	154,634,710	125,775,150	142,142,197
Legal debt margin	<u>1,177,160,588</u>	<u>1,127,596,039</u>	<u>1,115,460,220</u>	<u>1,067,686,498</u>
 Total net debt applicable to the limit as a percentage of debt limit	 12%	 12%	 10%	 12%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value (after exemptions)	\$ 16,700,602,238
Debt limit (8% of assessed value)	1,336,048,179
Debt applicable to limit:	
Outstanding general obligation debt	760,000
Authorized and unissued debt	-
Certificates of participation	10,730,000
Installment purchase	52,089,252
Qualified Zone Academy Bonds	400,000
Qualified School Construction Bonds	21,529,896
Build America Bonds	6,663,443
Limited Obligation Bonds	62,915,000
North Carolina Department of Commerce	2,600,000
Federal Revolving Loan	1,200,000
Less: Statutory deductions	
Unissued debt	-
Total net debt applicable to limit	<u>158,887,591</u>
Legal debt margin	<u>\$ 1,177,160,588</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
15,013,754,766	15,068,712,596	14,655,429,923	13,359,326,399	\$ 13,023,274,801	\$ 12,942,756,938
8%	8%	8%	8%	8%	8%
1,201,100,381	1,205,497,008	1,172,434,394	1,068,746,112	1,041,861,984	1,035,420,555
117,002,355	130,663,312	121,303,793	102,721,667	111,610,000	112,385,000
<u>1,084,098,026</u>	<u>1,074,833,696</u>	<u>1,051,130,601</u>	<u>966,024,445</u>	<u>930,251,984</u>	<u>923,035,555</u>
10%	11%	10%	10%	11%	11%

**CATAWBA COUNTY, NORTH CAROLINA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population Estimate <sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Income <sup>(2)</sup></b>	<b>Median Age <sup>(3)</sup></b>	<b>School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
2005	148,797	4,140,871,713	27,829	36.6	24,243	6.60
2006	149,416	4,272,998,768	28,598	36.7	24,455	5.40
2007	153,784	4,624,900,016	30,074	37.0	24,766	5.90
2008	155,452	4,826,940,052	31,051	36.9	25,305	7.20
2009	157,073	4,998,534,079	31,823	38.1	24,688	15.50
2010	159,013	4,941,148,000	31,052	38.2	24,338	12.90
2011	159,125	5,016,806,000	32,504	38.4	24,245	12.00
2012	154,992	5,137,333,000	33,320	39.9	24,250	11.30
2013	155,494	5,357,979,000	34,716	40.3	24,241	10.80
2014	155,411	N/A	N/A	40.5	24,204	7.10

N/A = Not available

Sources:

<sup>1</sup> Based upon estimates issued by the U.S. Census Bureau

<sup>2</sup> Bureau of Economic Analysis

<sup>3</sup> Office of State Planning

<sup>4</sup> North Carolina Department of Public Instruction

<sup>5</sup> Department of Commerce - Employment Security Commission

**CATAWBA COUNTY, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2014			2005		
	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment <sup>(2)</sup>	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment <sup>(2)</sup>
Catawba County School Systems	1,990	1	2.79%	2,000	2	2.57%
Catawba Valley Medical Center	1,674	2	2.34%	1,426	4	1.83%
CommScope, Inc.	1,429	3	2.00%	2,100	1	2.70%
Frye Regional Medical Center	1,300	4	1.82%	1,900	3	2.44%
HSM Solutions (Hickory Springs)	1,165	5	1.63%	1,372	5	1.76%
Catawba County Government	1,124	6	1.57%	1,016	8	1.31%
Corning Cable Systems <sup>(3)</sup>	1,000	7	1.21%	-	-	-
Heritage Home Group LLC	861	8	1.40%	-	-	-
Sherrill Furniture Company	775	9	1.08%	1,125	7	1.45%
Ethan Allen, Inc.	758	10	1.06%	-	-	-
Pierre Foods	-	-	-	759	10	-
CV Industries, Inc.	-	-	-	1,201	6	1.54%
Thomasville Furniture Industries	-	-	-	836	9	1.07%
	<u>12,076</u>		<u>17.09%</u>	<u>13,735</u>		<u>16.67%</u>

## Sources:

<sup>1</sup> Survey of Employers<sup>2</sup> Labor estimates provided by the Employment Security Commission of North Carolina<sup>3</sup> Catawba County Chamber of Commerce

**CATAWBA COUNTY, NORTH CAROLINA**  
**Full Time Equivalent County Employees by Function**  
**Last Ten Fiscal Years**

	<b>Full-time Equivalent Employees as of June 30</b>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Function</b>										
Governmental activities:										
General government	84	85	86	90	92	92	89	90	87	86
Public safety	345	340	337	340	341	334	321	307	248	245
Environmental protection	5	4	3	9	11	11	11	11	11	9
Economic and physical development	76	75	75	90	98	100	93	91	94	89
Human services	551	577	573	572	561	578	614	583	583	655
Culture and recreation	35	32	32	33	37	37	37	37	38	38
Total governmental activities	<u>1,096</u>	<u>1,113</u>	<u>1,106</u>	<u>1,135</u>	<u>1,140</u>	<u>1,151</u>	<u>1,164</u>	<u>1,119</u>	<u>1,061</u>	<u>1,123</u>
Business-type activities:										
Water sewer	1	1	1	1	1	1	-	-	-	-
Solid waste management	27	27	28	28	28	28	28	28	28	29
Total business-type activities	<u>28</u>	<u>28</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>29</u>
Total primary government	<u>1,124</u>	<u>1,141</u>	<u>1,136</u>	<u>1,164</u>	<u>1,169</u>	<u>1,180</u>	<u>1,193</u>	<u>1,147</u>	<u>1,089</u>	<u>1,152</u>

Sources: Catawba County Human Resources Department

**CATAWBA COUNTY, NORTH CAROLINA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2014 <sup>(1)</sup>	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
General government										
Number of registered voters	101,442	100,431	99,286	99,844	101,558	101,142	99,117	95,855	95,470	93,633
Number of marriage licenses issued	1,009	1,023	1,076	991	926	1,062	1,181	1,073	1,040	1,135
Number of tax bills issued	99,196	232,881	232,817	263,073	297,925	272,581	272,255	266,786	266,221	265,177
Public safety										
Number of 911 dispatch/calls	84,974	85,938	87,108	82,876	83,000	83,367	115,000	108,658	106,093	86,941
Sheriff Department offenses reported	4,823	5,436	6,195	5,737	6,256	5,479	5,312	5,477	5,163	5,284
Environmental protection										
Cooperative extension agent contacts	28,860	64,719	75,102	46,960	45,945	71,001	66,324	67,385	37,194	33,163
Economic and physical development										
Number of commercial permits issued	598	730	750	496	504	534	721	622	663	760
Number of residential permits issued	993	892	876	991	1,057	1,056	1,497	1,692	1,799	1,681
Human services										
Households that received assistance with energy bills	2,994	4,045	3,333	2,785	2,764	3,042	2,004	1,429	1,261	1,111
Medicaid clients receiving transportation assistance	26,279	23,669	23,177	19,893	19,136	17,689	15,551	17,200	16,305	14,124
Child support services cases currently open	6,847	6,848	6,873	6,498	7,600	7,500	7,337	7,360	7,696	6,795
Public health clients served	18,698	22,087	23,063	24,068	28,826	21,534	21,634	24,965	17,183	26,123
Restaurant inspections	1,333	1,351	1,357	1,429	1,419	1,226	1,443	1,463	1,432	1,406
Culture and recreation										
Total circulation for library system	588,517	604,829	738,923	740,462	775,544	744,652	681,796	666,069	657,271	681,001
Number of patrons visiting parks	109,550	114,721	112,257	101,280	134,463	121,370	75,797	67,029	43,022	50,337
Education										
Public school student enrollment K-12	24,204	24,241	24,250	24,245	24,338	24,688	25,305	24,766	24,455	24,243
Business-type activities:										
Solid waste management										
Tons buried - MSW	120,579	117,787	117,330	123,149	122,938	165,811	151,007	165,384	167,988	168,140
Tons buried - C&D	28,670	26,786	27,980	23,203	22,570	32,911	38,745	49,733	40,246	30,294
Tons recycled	24,228	27,601	28,765	31,347	28,125	29,416	28,932	29,836	29,477	25,820

<sup>(1)</sup> The State of North Carolina implemented a combined motor vehicle registration renewal and property tax collection system whereby the State now issues the bills for motor vehicle taxes  
Sources: Catawba County Departments, NC Department of Public Instruction

**CATAWBA COUNTY, NORTH CAROLINA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
General government										
Buildings	6	5	5	5	5	5	5	5	5	5
Vehicles	8	7	8	9	8	8	9	8	8	7
Public safety										
Buildings	10	10	10	10	9	8	8	8	8	8
Vehicles	216	211	207	182	168	156	166	153	148	143
Environmental protection										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	2	2	2	2	2	2	2	2	2	2
Economic and physical development										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	42	50	49	50	57	57	60	47	51	59
Human services										
Buildings	38	38	38	39	39	39	39	40	40	40
Vehicles	38	37	35	35	32	27	47	46	39	40
Culture and recreation										
Buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	1	1	1	1	2	2	2	2	2	2
Business-type activities:										
Solid waste management										
Buildings	10	6	6	6	6	6	7	7	7	4
Vehicles	25	25	27	27	26	26	25	26	25	26
Water and sewer										
Buildings	0	0	0	0	0	0	N/A	N/A	N/A	N/A
Vehicles	0	0	0	0	0	0	N/A	N/A	N/A	N/A

N/A = Not available

Sources: Catawba County Departments

## Catawba County, North Carolina

### Glossary

**Accrual Basis.** Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

**Accumulated Depreciation.** A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

**Ad Valorem Tax.** A tax levied in proportion to the value of the property.

**Agency Fund.** A fund normally used to account for resources held by a government in a purely custodial capacity for individuals, private organizations or other governments.

**Appropriations.** A legal authorization granted by the Board of Commissioners to make expenditures and to incur obligations for specific purposes.

**Assessed Valuation.** Valuation set upon real estate or other property by a government as a basis for levying taxes.

**Basic Financial Statements.** The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

**Basis of Accounting.** A term used to refer to when revenues, expenditures, expenses, and transfers, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

**Board of Commissioners.** Five-member Board elected at large by the voters of Catawba County to serve four year terms on a staggered basis.

**Capital Assets.** Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

**Capital Projects Fund.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

**Cash Basis.** Method of accounting under which transactions are recognized only when cash is received or disbursed.

**Component Unit.** Legally separate organization for which elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Comprehensive Annual Financial Report (CAFR).** A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support the columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the County's official annual report and also should contain introductory information, schedules necessary to demonstrate

## Catawba County, North Carolina

### Glossary

compliance with finance-related legal and contractual provisions, and statistical data.

**Deferred Inflow of Resources.** An acquisition of net position by the government that is applicable to a future reporting period.

**Deferred Outflow of Resources.** A consumption of net position by the government that is applicable to a future reporting period.

**Depreciation.** (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

**Encumbrances.** Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**Enterprise Fund.** Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

**Expenditures.** Under the current financial resources measurement focus, decrease in net financial resources not properly classified as *other financing uses*.

**Fiduciary Fund.** The trust and agency fund used to account for assets held by a government unit in a trustee capacity or as an agent for

individuals, private organizations, other government units and/or other funds.

**Fund.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance.** Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

**Fund Balance – Assigned.** Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**Fund Balance – Committed.** Amounts that are used for specific purposes pursuant to constraints imposed by *formal* action of the government's highest level of decision-making authority. Any amendments or modifications require board action.

**Fund Balance – Nonspendable.** Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Fund Balance – Restricted.** Constraints are imposed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Fund Balance – Unassigned.** The amount of fund balance not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance.

## Catawba County, North Carolina

### Glossary

**General Fund.** The general fund typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

**Generally Accepted Accounting Principles (GAAP).** The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

**Governmental Accounting Standards Board (GASB).** The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

**Inflow of Resources.** An acquisition of net position by the government that is applicable to the reporting period.

**Joint Venture.** A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

**Major Fund.** A governmental or enterprise fund reported as a separate column in the basic fund financial statements. The General fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all government or enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that the fund is particularly important to financial statement users.

**Management's Discussion and Analysis.** A component of required supplementary information used to introduce the basic

financial statements and to provide an analytical overview of the government's financial activities.

**Modified Accrual Basis.** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period". Generally, expenditures are recognized when the fund liability is incurred. Governmental funds, expendable trust and agency fund are accounted for using the modified accrual basis of accounting.

**Net Investment in Capital Assets.** A component of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets.

**Net Position.** The residual of all other financial statement elements presented in a statement of financial position.

**Outflow of Resources.** A consumption of net position by the government that is applicable to the reporting period.

**Proprietary Funds.** Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

**Special Revenue Fund.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Unearned Revenue.** A liability for resources obtained prior to revenue recognition.



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

### **Independent Auditor's Report**

Board of County Commissioners  
Catawba County  
Newton, North Carolina

We have audited, in accordance with the 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, 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, 2014, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 17, 2014. Our report includes a reference to other auditors who audited the financial statements of Catawba Valley Medical Center, as described in our report on Catawba County's financial statements. The financial statements of Catawba Valley Medical Center and Catawba County ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Catawba County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catawba County's internal control. Accordingly, we do not express an opinion on the effectiveness of Catawba County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2014-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Catawba County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Catawba County in a separate letter dated November 17, 2014.

### **Catawba County's Response to Finding**

Catawba County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Catawba County's response was not subjected to the auditing procedures applied in the audit of the financial statements; and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 17, 2014

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiency identified not considered to be a material weakness?	None reported
Non-compliance material to financial statements noted?	No

### 2. Findings Related to the Audit of the Basic Financial Statements

#### 2014-001

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** The School Construction Fund and governmental activities have been restated by \$1,770,215 for public school capital funds that should not have been accrued in the School Construction Fund.

**Effect:** For the statements affected, the prior year financial statements were misstated.

**Cause:** Inadequate monitoring of accounts receivable balances and subsequent receipts.

**Context:** For the statements affected, the prior year financial statements were misstated.

**Recommendation:** Additional review of the audited financial statements should be implemented to prevent prior period adjustments in the future.

**Contact Person:** Rodney N. Miller, Finance Director

#### **Views of Responsible Officials and Planned Corrective Actions:**

##### County Response:

Management concurs with the finding and will continue to review financial statements to prevent prior period adjustments.

**CATAWBA COUNTY, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

2013-001: Corrected.